



**COUNTY OF RACINE**

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**SINGLE AUDIT REPORT**

**For the year ended December 31, 2007**



**COUNTY OF RACINE**  
Racine, Wisconsin

**SINGLE AUDIT REPORT**  
December 31, 2007



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the Board of Supervisors  
County of Racine, Wisconsin  
Racine, Wisconsin

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Racine, Wisconsin as of and for the year ended December 31, 2007, which collectively comprise County of Racine, Wisconsin's basic financial statements and have issued our report thereon dated June 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered County of Racine, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether County of Racine, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Racine, Wisconsin's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit County of Racine, Wisconsin's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the Board of Supervisors, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Milwaukee, Wisconsin  
June 28, 2008

**Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance With *OMB Circular A-133***

To the Honorable Members of the Board of Supervisors  
County of Racine, Wisconsin  
Racine, Wisconsin

**Compliance**

We have audited the compliance of County of Racine, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. County of Racine, Wisconsin's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Racine, Wisconsin's management. Our responsibility is to express an opinion on County of Racine, Wisconsin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Racine, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of County of Racine, Wisconsin's compliance with those requirements.

In our opinion, County of Racine, Wisconsin complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with *OMB Circular A-133* and which are described in the accompanying schedule of federal findings and questioned costs as items 2007-02, 2007-03, 2007-04, and 2007-05.

### **Internal Control Over Compliance**

The management of County of Racine, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered County of Racine, Wisconsin's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of federal findings and questioned costs as items 2007-02, 2007-03, 2007-04, and 2007-05, to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of federal findings and questioned costs to be material weaknesses.

County of Racine, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of federal findings and questioned costs. We did not audit County of Racine, Wisconsin's response and, accordingly, we express no opinion on it.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Racine County, Wisconsin as of and for the year ended December 31, 2007, and have issued our report thereon dated June 28, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Racine County, Wisconsin's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of, management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Milwaukee, Wisconsin  
September 29, 2008, except for the Schedule  
of Expenditures of Federal Awards, as to  
which the date is June 28, 2008



COUNTY OF RACINE, WISCONSIN  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/07	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Wisconsin Department of Public Instruction	10.553	\$ N/A	\$ 3,627	\$ 33,992	\$ -	\$ 37,174	\$ 6,809
School Breakfast Program	10.555	N/A	16,479	61,244	-	54,390	9,625
National School Lunch Program							
Total Wisconsin Department of Public Instruction			20,106	95,236	-	91,564	16,434
<b>Wisconsin Department of Health and Family Services - Health Care Financing</b>							
Administrative Grants For Food Stamp Program	10.561	377,519	148,575	768,540	40,594	763,062	141,097
<b>Wisconsin Department of Workforce Development</b>							
Administrative Grants For Food Stamp Program	10.561	636,040	91,316	277,445	60	282,014	95,885
Administrative Grants For Food Stamp Program			257,997	1,141,221	40,654	1,136,640	253,416
Total U.S. Department of Agriculture							
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
Racine County Housing Authority							
Lower Income Housing Assistance Program:							
Section 8 Moderate Rehabilitation	14.850	11,531	-	8,503	82,750	11,531	3,028
Low Rent Public Housing Support Audit Costs	14.871	N/A	-	8,126,735	(151,219)	8,126,735	-
Voucher Program	14.182	86,677	-	86,677	70,936	86,677	-
N/C S/R Section 8 Programs							
Total Racine County Housing Authority			-	8,221,915	2,467	8,224,943	3,028
<b>Wisconsin Department of Commerce</b>							
Community Development Block Grant	14.228	23,779	-	23,779	-	23,779	-
Total U.S. Department of Housing and Urban Development			-	8,245,694	2,467	8,248,722	3,028
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Bureau of Justice Assistance	16.607	1,539	-	1,595	-	1,595	-
Bulletproof Vest Partnership Program	16.745	50,000	-	-	1,610	8,175	8,175
Criminal and Juvenile Justice and Mental Health Collaboration Program							
Passed Through City of Racine	16.738	88,401	58,400	88,401	-	30,001	-
Edward Byrne Memorial Justice Assistance Grant Program			58,400	89,996	1,610	39,771	8,175
Total Bureau of Justice Assistance							
<b>Wisconsin Department of Administration-Office of Justice Assistance</b>							
Juvenile Accountability Block Grants	16.523	225,697	7,776	17,803	1,615	26,779	16,752
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	60,000	12,175	60,000	124	47,825	-
Edward Byrne Memorial Formula Grant Program	16.579	15,000	-	15,000	-	15,000	-
Passed Through Kenosha County	16.579	172,064	77,343	110,314	-	66,395	33,424
Byrne Formula Grant Program			97,294	203,117	1,739	155,999	50,176
Total Wisconsin Department of Administration-Office of Justice Assistance							

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/07	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
Wisconsin Department of Justice							
Drug Enforcement Administration Grants	16.000	5,713	1,333	3,895	-	2,562	-
Crime Victim Assistance	16.575	149,619	19,703	41,591	14,079	37,701	15,813
Edward Byrne Memorial Formula Grant Program	16.579	-	8,235	8,235	6,142	7,389	7,389
Total Wisconsin Department of Justice			29,271	53,721	20,221	47,652	23,202
Wisconsin Department of Transportation							
Enforcing Underage Drinking Laws Program	16.727	10,000	-	10,000	2,500	10,000	-
Total U.S. Department of Justice			184,965	356,854	26,070	253,422	81,553
U.S. DEPARTMENT OF LABOR							
Wisconsin Department of Workforce Development							
Passed Through Kenosha County	17.258	786,014	48,343	255,319	-	272,837	65,861
WIA Adult Program	17.259	1,211,649	120,017	484,508	3	483,438	118,947
WIA Youth Activities	17.260	1,119,607	71,952	439,368	1	453,896	86,480
WIA Dislocated Workers							
Total U.S. Department of Labor			240,312	1,179,195	4	1,210,171	271,288
U.S. DEPARTMENT OF TRANSPORTATION							
Wisconsin Department of Transportation	20.205	768,117	5,077	3,000	34,264	30	2,107
Highway Planning and Construction	20.600	233,925	19,785	130,864	9,375	124,112	13,033
State and Community Highway Safety							
Total U.S. Department of Transportation			24,862	133,864	43,639	124,142	15,140
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Health and Family Services - Disability and Elder Services	84.181	221,283	-	221,283	-	221,283	-
Special Education Grants for Infants and Families with Disabilities							
Total U.S. Department of Education			-	221,283	-	221,283	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Substance Abuse and Mental Health Services	93.243	1,998,600	134,999	479,518	-	472,407	127,828
Projects of Regional and National Significance							
Office of National Drug Control Policies	93.276	45,257	11,444	33,744	-	45,257	22,957
High Intensity Drug Traffic Area							
Wisconsin Department of Administration	93.568	546,591	31,657	159,817	2	166,668	38,508
Low Income Home Energy Assistance							
Wisconsin Department of Corrections	93.645	37,041	13,957	50,272	23,035	37,040	725
Child Welfare Services State Grants	93.658	46,301	17,446	62,840	28,793	46,301	907
Foster Care Title IV-E							
Total Wisconsin Department of Corrections			31,403	113,112	51,828	83,341	1,632

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/07	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
Wisconsin Department of Health and Family Services - Division of Children and Family Promoting Safe and Stable Families	93.556	\$ 86,288	\$ 11,710	\$ 96,642	\$ -	\$ 84,875	(57)
93.558	591,569	(9,577)	575,732	30,702	560,866	(24,413)	
93.559	12,621	22	2,368	-	1,837	(509)	
93.645	147,890	(2,394)	143,933	7,676	140,223	(6,104)	
93.658	1,372,993	46,867	1,301,735	67,207	1,301,203	46,335	
93.667	1,191,492	(21,246)	1,149,370	61,404	1,121,792	(48,824)	
93.674	38,266	-	38,266	-	38,266	-	
93.959	130,247	9,081	131,411	-	130,247	7,917	
Total Division of Children and Family		34,463	3,439,457	166,989	3,379,339	(25,655)	
Wisconsin Department of Health and Family Services - Division of Health Care Financing	93.767	82,490	28,016	165,545	165,216	27,687	
State Children's Insurance Program	93.778	496,677	184,978	1,070,609	1,053,547	167,916	
Medical Assistance Program							
Total Division of Health Care Financing		212,994	1,236,154	14,165	1,218,763	195,603	
Wisconsin Department of Health and Family Services - Division of Disability and Elder Services	93.667	15,355	4,952	8,733	3,908	127	
Social Services Block Grant	93.778	8,882,840	352,981	5,843,431	3,655,372	(1,835,078)	
Medical Assistance Program	93.958	173,088	-	173,088	173,088	-	
Block Grants for Community Mental Health Services	93.959	695,171	79,463	757,937	677,070	(1,404)	
Block Grants for Prevention and Treatment of Substance Abuse							
Southeastern Wisconsin Area Agency On Aging	93.045	489,503	106,545	387,051	461,551	181,045	
Special Programs for the Aging-Title III, Part C, Nutrition Services	93.053	72,872	15,034	35,222	72,872	52,684	
Nutrition Services Incentive Program							
Total Division of Disability and Elder Services		558,375	7,205,462	379,218	5,043,861	(1,602,626)	
Total Wisconsin Department of Health and Family Services		806,432	11,881,073	580,372	9,641,963	(1,432,679)	
Wisconsin Department of Workforce Development - Bureau of Division-Wide Services	93.558	894,472	(33,780)	467,746	531,751	30,225	
Temporary Assistance for Needy Families	93.563	784,558	204,220	2,836,177	2,968,838	336,881	
Child Support Enforcement	93.566	-	920	-	920	-	
Refugee Assistance							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1,397,377	46,379	807,265	938,864	177,978	
Passed Through Racine Unified School District							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1,750	-	1,070	1,070	-	
Total Wisconsin Department of Workforce Development		216,819	4,113,178	366,088	4,441,443	545,084	
Total U.S. Department of Health and Human Services		1,232,694	16,780,442	978,290	14,851,079	(696,669)	
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE							
Wisconsin Elections Board	94.401	251,740	251,740	-	-	-	
HAVA Compatible Polling Machines							

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/07	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
U.S. DEPARTMENT OF HOMELAND SECURITY							
Wisconsin Department of Administration - Office of Justice Assistance	97,004	82,284 \$	13,943 \$	23,904 \$	-	38,092 \$	28,131
State Domestic Preparedness Equipment Support Program	97,067	123,343	9,032	22,290	-	13,258	-
Homeland Security Grant							
Total Wisconsin Department of Administration			22,975	46,194	-	51,350	28,131
Wisconsin Department of Military Affairs	97,042	100,878	25,450	51,886	60,687	52,872	26,436
Emergency Management Performance Grants							
Total U.S. Department of Homeland Security			48,425	98,080	60,687	104,222	54,567
<b>TOTAL FEDERAL AWARD PROGRAMS</b>		<b>\$ 2,240,995</b>	<b>\$ 28,408,353</b>	<b>\$ 1,151,811</b>	<b>\$ 26,149,681</b>	<b>\$ (17,677)</b>	

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(A) Revenues and Expenditures

Expenditures in the schedule are presented in accordance with the modified accrual basis of accounting, consistent with the County's 2007 financial statements. Receivables at year-end consist of federal program expenditures scheduled for reimbursement to the County in the succeeding year while payables represent advances for federal programs that exceed reported County expenditures.

(B) Subgrantees

Certain program funds are passed through the County to subgrantee organizations. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subgrantees outside of the County's control utilized the funds. The County requires all subgrantees receiving more than \$25,000 to submit a separate audit report disclosing the use of program funds.

(C) Cost Allocation

The County has a plan for allocation of indirect costs related to grant programs. Indirect costs are first allocated to applicable County departments in accordance with the cost allocation plan. The County reports each department's indirect cost allocation to the State and the State allocates the indirect costs to individual programs. Indirect costs are included in expenditures in the schedule.

In addition to the cost allocation plan, the County has various departments that provide services to other County departments on a direct cost basis.

**2. FINANCIAL AWARD PROGRAMS**

The Schedule of Expenditures of Federal Awards includes all programs of the County of Racine, Wisconsin (the "County") and its component units which had activity in 2007.

Program Period

Certain of the financial assistance programs have contract periods which are less than a year or which are for a 12-month period that ends during the calendar year. For the fiscal year-end contracts that ended or began in 2007, transactions occurring during 2007 are presented in the Schedule of Expenditures of Federal Awards and the fiscal period is disclosed under the title of the contract.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2007**

**2. FINANCIAL AWARD PROGRAMS** (Continued)

Local Share

Certain financial assistance programs require the County to fund a portion of the expenditures of the program. The portion funded by the County is included as the "Local Share" in the Schedule of Expenditures of Federal Awards.

**3. ADJUSTMENTS TO BEGINNING BALANCE**

Adjustments were made to the December 31, 2006 ending accrual or deferral because of new information available in 2007. The primary reason was to report on actual 2007 program revenue. Additional adjustments were made to reflect federal/state funding percent changes.

**4. CONTINGENCY**

All federal financial award programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for costs disallowed under the terms of the programs. It is the opinion of management that all costs charged against those federal programs are allowable under the regulations of these programs.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2007**

**5. AGING PROGRAMS MATCHING SHARE**

Funds received from Southeastern Area Agency on Aging require a 1/9 local cash or in-kind match for all programs except for Title 111-E which requires a 25% match. The detail of local share included in the Schedule of Expenditures of Federal and State Awards for Aging Programs is as follows:

	<u>Program Income</u>	<u>Cash Match</u>	<u>In-kind Match</u>
Senior Community Services			
Lincoln Lutheran	\$ -	\$ -	\$ 799
Southeastern Wisconsin Area Agency on Aging	-	-	422
Totals	<u>-</u>	<u>-</u>	<u>1,221</u>
 Title III-B			
Racine County HSD	-	5,581	-
Southeastern Wisconsin Area Agency on Aging	-	-	735
Lincoln Lutheran	-	-	27,310
Totals	<u>-</u>	<u>5,581</u>	<u>28,045</u>
 Title III-C			
Lincoln Lutheran	<u>352,411</u>	<u>-</u>	<u>138,338</u>
 Title III-D			
Lincoln Lutheran	<u>-</u>	<u>-</u>	<u>1,073</u>
 Benefit Specialist			
Southeastern Wisconsin Area Agency on Aging	<u>-</u>	<u>-</u>	<u>2,022</u>
 Title III-E			
Lincoln Lutheran	<u>-</u>	<u>-</u>	<u>29,424</u>
 <b>Grand Total Local Match</b>	<b><u>\$ 352,411</u></b>	<b><u>\$ 5,581</u></b>	<b><u>\$ 200,123</u></b>

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2007**

**6. PAYMENTS TO SUBRECIPIENTS**

The County made grants to subrecipients under the following federal programs:

<b>Federal CFDA Number</b>	<b>Amount Paid to Subrecipients</b>
10.561	\$ 197
14.228	23,779
16.523	16,145
16.579	15,000
17.258	5,533
17.259	171,823
17.260	9,645
84.181	401,809
93.045	379,712
93.053	72,872
93.556	29,275
93.558	30,997
93.568	139,129
93.596	102,442
93.599	1,837
93.645	8,354
93.658	66,523
93.667	61,993
93.778	53,225
93.958	100,488
93.959	290,485

This information is an integral part of the accompanying schedule.



**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2007**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_   X   yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:  
 • Material weakness(es) identified? \_\_\_\_\_ yes   X   no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_   X   yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_   X   yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
93.667	Social Services Block Grant
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Dollar threshold used to distinguish between type A and type B programs: \$784,490

Auditee qualified as low-risk auditee? \_\_\_\_\_   X   yes \_\_\_\_\_ no

**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended December 31, 2007**

**Section II - Financial Statement Findings**

**Finding 2007- 01 Internal Controls Over Daily Cash Deposits**

Requirement

The County policy related to cash collected requires each department that collects cash to make daily deposits with the County Treasurer. The deposits must be reviewed by the preparer's supervisor prior to deposit with the Treasurer.

Condition

Each department has a supervisor who reviews daily deposits prepared by the responsible department employee. Then the department supervisor brings the deposit bag and slip to the Treasurer's Department. We examined deposit slips for documentation of the review by the supervisor. Our walkthroughs indicated that documentation of review was not being completed by the department supervisor.

Questioned Costs

We did not identify any questioned costs.

Cause

While the County's policy requires supervisory review of the deposits, no documentation is maintained.

Effect

There is a risk that daily deposits could be shorted frequently enough that the overall shortage on an annual basis becomes a significant amount.

Recommendation

We recommend that the department supervisors initial the deposit slips as an indication of proper review and approval.

Management's Response

The County will have supervisors initial deposit slips prior to the deposit with the County Treasurer where that procedure is used.

**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended December 31, 2007**

**Section III – Federal Award Findings**

**Finding 2007- 02**

CFDA Number – 14.871

Program Name – Section 8 Housing Choice Vouchers

Funding Agency – U.S. Department of Housing and Urban Development

**Requirement**

The public housing authority must inspect the unit leased to a family under the Housing Choice Voucher Program at least annually to determine if the unit meets housing quality standards and the public housing authority must conduct quality control re-inspections. The public housing authority must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

**Condition**

Two tenant files of twenty-five files tested did not have an annual inspection performed on their unit in the year 2007.

**Questioned Costs**

The housing assistance payments made in calendar year 2007 related to the unit involved.

**Cause**

The authority does not have procedures in place to monitor the completion of the annual recertification process.

**Effect**

Tenants may be living in housing that does not meet the HUD housing quality standards and the landlord may be receiving housing assistance payments when those housing quality standards are not met.

**Recommendation**

We recommend that each case worker maintain a list of clients and document when each annual procedure recertification needs to be completed by and when the procedure was completed. Each case worker's list should be turned in quarterly to the Executive Director for proper monitoring.

**Management's Response**

To further ensure the correct recertification procedures are followed, each case worker will be asked to maintain a list of the status of recertifications and inspections and submit those lists to the Executive Director for quarterly monitoring, as recommended.

**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended December 31, 2007**

**Section III - Federal Award Findings and Questioned Costs (continued)**

**Finding 2007- 03**

CFDA Number – 14.871  
Program Name – Section 8 Housing Choice Vouchers  
Funding Agency – U.S. Department of Housing and Urban Development

Requirement

Public housing authorities must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements. Public housing authorities are required to maintain a HAP contract register or similar record in which to record the public housing authorities' obligation for monthly HAPs. This record must provide the information as to: the name and address of the family, the name and address of the owner, dwelling unit size, the beginning date of the lease term, the monthly rent payable to the owner, monthly rent payable by the family to the owner and the monthly HAP. The record shall also provide data as to the date the family vacates and the number of days the unit is vacant, if any (24 CFR section 982.158).

Condition

We selected twenty-five tenant files for testing. Several tenant files contain multiple volumes. There was one tenant file missing the volume that contained the 2007 information. The compliance requirements could not be tested on this tenant file to ensure compliance was met in 2007.

Questioned Costs

The housing assistance payments made in calendar year 2007 related to the unit involved.

Cause

Lack of internal control in regards to tenant file retention.

Effect

The OMB Circular A-133 eligibility and special test requirements could not be tested for this recipient. A HUD qualified unit may be leased to a tenant that does not meet HUD qualifications. In addition, a tenant may be living in a unit that does not meet the HUD housing quality standards. Therefore, a landlord may be receiving housing assistance payments when the tenant eligibility requirements and housing quality standards are not met.

Recommendation

We recommend that annually the Executive Director review tenant files to ensure that all files are current and not misplaced.

**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended December 31, 2007**

**Section III - Federal Award Findings and Questioned Costs (continued)**

**Finding 2007- 03** (continued)

**Management's Response**

The United States Department of Housing and Urban Development requires all public housing agencies to submit self monitoring results through the Section Eight Management Assessment Program annually. Through that program files are selected and audited for program consistency. The recommendation that the Executive Director review all tenant files is impractical if not impossible. However, a tenant report for each case worker can be created twice a year and they can be made responsible for locating each tenant file reporting their results to the Executive Director.

**Finding 2007- 04**

CFDA Number – 93.778

Program Name – Medical Assistance Program

Funding Agency – U.S. Department of Health and Human Services Department, passed through the State of Wisconsin Department of Health and Family Services

**Requirement**

The State plan will specify if determinations of eligibility are made by agencies other than the State Medicaid agency and will define the relationships and respective responsibilities of the State Medicaid agency and the other agencies. States are required to have (1) documentation of qualified alien status if the applicant/recipient is not a U.S. citizen, (2) facts in the case record to support the agency's eligibility determination, and (3) a written application on a form prescribed by the agency and signed under a penalty of perjury. The State must require a written application signed under penalty of perjury and include in each applicant's case record facts to support the agency's decision on his/her application. The State must provide notice of its decision concerning eligibility and provide timely and adequate notice of the basis for discontinuing assistance. In cases of persons who are not U.S. citizens, the State must obtain documentation of qualified alien status (42 CFR sections 435.907, 435.912, and 435.913; 42 USC 1320b-7; Section 1137 of the Social Security Act).

**Condition**

One client file of twenty-five tested did not contain a current individual service plan or a Form DDE-019.

**Questioned Costs**

\$4,601 which is the federal portion of the total billed for Episode Number M0106732.

**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended December 31, 2007**

**Section III - Federal Award Findings and Questioned Costs (continued)**

**Finding 2007- 04** (continued)

Cause

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

Effect

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for an ineligible participant.

Recommendation

We recommend that written policy and procedures be established for quality control. This policy would include review of case files to ensure all approvals and required documents are in each client's case files.

Management's Response

Racine County, Wisconsin is a Family Care County and the Community Integration Program IB is no longer in existence in Racine.

**Finding 2007- 05**

CFDA Number – 93.778

Program Name – Medical Assistance Program

Funding Agency – U.S. Department of Health and Human Services Department, passed through the State of Wisconsin Department of Health and Family Services

Requirement

The State plan will specify if determinations of eligibility are made by agencies other than the State Medicaid agency and will define the relationships and respective responsibilities of the State Medicaid agency and the other agencies. States are required to have (1) documentation of qualified alien status if the applicant/recipient is not a U.S. citizen, (2) facts in the case record to support the agency's eligibility determination, and (3) a written application on a form prescribed by the agency and signed under a penalty of perjury. The State must require a written application signed under penalty of perjury and include in each applicant's case record facts to support the agency's decision on his/her application. The State must provide notice of its decision concerning eligibility and provide timely and adequate notice of the basis for discontinuing assistance. In cases of persons who are not U.S. citizens, the State must obtain documentation of qualified alien status (42 CFR sections 435.907, 435.912, and 435.913; 42 USC 1320b-7; Section 1137 of the Social Security Act).

**COUNTY OF RACINE**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended December 31, 2007**

**Section III - Federal Award Findings and Questioned Costs (continued)**

**Finding 2007- 05** (continued)

Condition

One client of twenty-five tested did not have an updated ISP, cost sharing (income eligibility), and long-term care screen. The 2006 ISP and DDES 919 were used to calculate reasonableness of expenses and participant eligibility.

Questioned Costs

We did not identify any questioned costs.

Cause

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

Effect

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for an ineligible participant.

Recommendation

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

Management's Response

Racine County is a Family Care County and the Adult MA Waiver Programs are no longer in existence in Racine in 2008.

**COUNTY OF RACINE  
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS  
Year Ended December 31, 2007**

**Finding 2006-01** – Finding has been resolved.

**Finding 2006-02** – Finding has been resolved.



**Independent Auditor's Report on Compliance With Requirements Applicable to Each  
Major State Program and on Internal Control Over Compliance and Schedule of  
Expenditures of State Awards in Accordance With the *State Single Audit Guidelines***

To the Honorable Members of the Board of Supervisors  
County of Racine, Wisconsin  
Racine, Wisconsin

**Compliance**

We have audited the compliance of County of Racine, Wisconsin with the types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that are applicable to each of its major state programs for the year ended December 31, 2007. County of Racine, Wisconsin's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state award programs is the responsibility of County of Racine, Wisconsin's management. Our responsibility is to express an opinion on County of Racine, Wisconsin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *State Single Audit Guidelines*. Those standards and the guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about County of Racine, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of County of Racine, Wisconsin's compliance with those requirements.

In our opinion, County of Racine, Wisconsin complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State Single Audit Guidelines* and which are described in the accompanying schedule of state findings and questioned costs as items 2007-06, 2007-07, 2007-08, 2007-09, 2007-10, 2007-11 and 2007-12.

### **Internal Control Over Compliance**

The management of County of Racine is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered County of Racine, Wisconsin's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of state findings and questioned costs as items 2007-06, 2007-07, 2007-08, 2007-09, 2007-10, 2007-11 and 2007-12 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of state findings and questioned costs to be material weaknesses.

County of Racine, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of state findings and questioned costs. We did not audit County of Racine, Wisconsin's response and, accordingly, we express no opinion on it.

### **Schedule of Expenditures of State Awards**

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Racine County, Wisconsin as of and for the year ended December 31, 2007, and have issued our report thereon dated June 28, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Racine County, Wisconsin's basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of, management, the Board of Supervisors, others within the entity, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gundersen LLP*

Milwaukee, Wisconsin  
September 29, 2008, except for the Schedule  
of Expenditures of State Awards, as to which  
the date is June 28, 2008

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2007	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>							
P&D Smart Growth Grant	505.110	\$ 639,000	\$ -	-	-	174,146	\$ 174,146
WLIP Training and Education Awards	505.118	300	(238)	300	-	290	(248)
LIHEAP Public Benefits	505.371	89,402	25,389	68,233	1	63,658	20,814
<b>Office of Justice Assistance</b>							
Jail Literacy Project - State	505.631	10,000	-	10,000	-	10,000	-
<b>Total Wisconsin Department of Administration</b>							
			25,151	78,533	1	248,094	194,712
<b>WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</b>							
Soil and Water Conservation Project Aids #9214-07-52-00	115.150	153,212	61,481	134,067	46,579	153,211	80,625
Soil and Water Conservation Project Aids #9214-05-52-00	115.400	61,873	32,963	81,514	-	52,646	4,095
<b>Total Wisconsin Department of Agriculture</b>							
			94,444	215,581	46,579	205,857	84,720
<b>WISCONSIN DEPARTMENT OF COMMERCE</b>							
Wisconsin Fund - Powis Replacement or Rehabilitation Financial Assistance Program	370.403	43,571	-	43,571	-	43,571	-
Wisconsin Community Development Block Grant/Planning	(a)	60,000	24,961	44,968	29,775	29,775	9,768
<b>Total Wisconsin Department of Commerce</b>							
			24,961	88,539	29,775	73,346	9,768
<b>WISCONSIN DEPARTMENT OF CORRECTIONS</b>							
State Probation & Parole Offenders Capacity Building for Early & Intensive Intervention Youth Aids GPR	410.116	372,010	165,258	372,010	-	206,752	-
	410.302	1,767,810	30,364	173,333	-	168,903	25,934
	410.313	3,003,392	1,131,691	4,076,229	1,867,723	3,003,392	58,854
<b>Total Wisconsin Department of Corrections</b>							
			1,327,313	4,621,572	1,867,723	3,379,047	84,788
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
Handicapped and School Age Parents Education Aid General aids	255.101	3,211,291	1,876,690	2,460,498	(615,681)	622,578	38,770
	255.201	1,947,850	1,947,850	1,947,850	-	-	-
<b>Total Wisconsin Department of Public Instruction</b>							
			3,824,540	4,408,348	(615,681)	622,578	38,770

See Notes to Schedule of Expenditures of State Awards.

COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2007	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
<b>WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES</b>							
Division of Children and Family							
Children and Families Incentive Funds							
CFSR Review Expenses	435.343	334,427 \$	954 \$	335,381 \$	25,478 \$	334,427 \$	-
Kinship Care Base Benefit	435.377	10,000	(4,008)	(4,008)	-	-	-
Kinship Care Assessment	435.380	777,151	(33,597)	722,063	-	744,239	(11,421)
Brighter Future Initiative	435.540	65,138	-	65,138	23,581	65,138	-
Basic County Allocation	435.561	161,394	11,253	162,836	-	161,394	9,811
State/County Match - Basic County Allocation	435.681	6,425,525	(104,022)	6,253,604	333,488	6,092,456	(265,170)
Secwis Ongoing-Local Match	(a)	1,166,403	56,437	749,871	3,329,548	1,166,403	472,969
Youth Independent Living II IV-E Match	(a)	N/A	-	-	42,550	-	-
Foster Parent Preservice Training - Match	(a)	N/A	-	-	9,567	-	-
Education Training Voucher, 20% Local Match	(a)	N/A	-	-	19,159	-	-
Chips Legal Services - Match	(a)	N/A	-	-	459	-	-
TPR Adoption - Match	(a)	N/A	-	-	114,349	-	-
					76,305		
Total Division of Children And Family			(72,963)	8,284,885	3,974,484	8,564,057	206,189
Division of Healthcare Financing							
Funeral/Cemet-W-2 and Non W-2	435.105	N/A	42,244	255,420	-	257,459	44,283
Medical Assistance Transportation	435.131	N/A	9,508	75,547	-	61,162	(4,877)
Medical Assistance Transportation - Admin	435.132	N/A	878	2,210	-	2,035	703
IMAA State Share	435.283	923,736	-	921,691	926,394	923,736	2,045
IMAA Federal Shares	435.284	10,346	3,514	20,763	-	20,721	3,472
Program Integrity - Medicaid	435.750	33,356	-	33,356	-	33,356	-
Fraud-Contract Cont	435.950	35,384	10,883	23,322	-	21,586	9,147
TANF Program Integ-over	(a)	N/A	-	-	5,425	-	-
CC Program Integ-over	(a)	N/A	-	-	8,622	-	-
Total Division of Healthcare Financing			67,027	1,332,309	940,441	1,320,055	54,773

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 11/1/2007	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
Division of Disability and Elder Services							
ADRC - Other ADRC Expenses	435.140	\$ 153,672	\$ 71,943	\$ 71,943	-	-	-
COPW GPR	435.338	982,332	(23,631)	289,381	-	37,468	(255,544)
CIPR GPR - Non Federal	435.348	241,780	32,399	470,646	-	241,780	(196,467)
Community Options Program (COP)	435.367	2,666,729	373,610	2,030,045	-	1,765,289	109,854
CIPR Comm Relocated - Non Federal	435.369	12,785	2,369	22,505	-	12,785	(7,351)
CIPR Divisions - Non Federal	435.375	1,625	(833)	3,600	-	1,131	(3,302)
Alzheimer's Family & Caregiver Support	435.381	92,485	(3,114)	78,922	-	76,712	(5,324)
CLTS DD - GPR	435.450	153,254	(6,862)	84,629	-	153,254	61,743
CLTS MI - GPR	435.451	373,306	23,487	488,087	-	373,306	(71,294)
Brain Injury Waiver	435.506	45,233	(7,189)	65,857	-	45,233	(27,813)
Integrated Services Children W/ Severe Disabilities	435.530	7,400	-	7,400	-	7,400	-
Birth to Three Initiative	435.550	251,544	-	251,544	-	251,544	-
Aging and Disability Resources Center	435.560100	1,189,506	-	941,577	-	973,120	31,543
Aging-Benefit Specialist	435.560320	33,438	14,020	20,211	2,022	18,201	12,010
Senior Community Services	435.560330	13,704	4,614	9,155	1,222	10,506	5,965
Aging: Title III, Part C Nutrition	435.560350	219,986	48,749	204,702	140,963	222,084	66,131
Aging: Title III, Part C Nutrition	435.560380	14,359	80	14,067	34,690	14,359	372
Aging-Elder Abuse Service	435.560490	65,670	27,061	57,513	-	65,255	34,803
Community Integration Program I-B (CIP-1B)	435.564	178,051	11,583	610,556	-	178,051	(420,922)
Family Support	435.577	169,798	(1,377)	168,420	-	169,797	-
Community Integration Program I-A (CIP-1A)	435.680	494,930	3,615	842,183	-	494,930	(343,638)
Total Division of Disability and Elder Services			570,504	6,692,943	178,897	5,112,205	(1,010,234)
Division of Management and Technology							
RCC Health Check	435.967	N/A	36,569	125,338	-	130,117	41,348
Total Wisconsin Department of Health and Family Services			601,117	16,435,475	5,093,822	15,126,434	(707,924)
WISCONSIN DEPARTMENT OF JUSTICE							
Law Enforcement Training fund-Victim Witness Services	455.539	N/A	105,194	201,116	178,164	201,294	105,372
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS							
EPCRA Computer Grant	465.308	6,000	5,550	5,550	-	-	-
EPCRA Emergency Planning Grant Program	465.337	65,352	16,437	32,661	10,660	32,447	16,223
Total Wisconsin Department of Military Affairs			21,987	38,211	10,660	32,447	16,223
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Recreation Aids Grant	370.421	195,000	-	97,500	30,411	30,412	(67,088)
Water Safety Aid	370.550	35,222	35,222	35,222	-	-	-
County Fish and Game Project Grant	370.563	3,990	-	845	1,505	845	-
Recreation Aids-Snowmobile Trails	370.574	2,741	-	2,741	-	2,741	-
Snowmobile Grant for Racine County Trail System	370.575	92,050	38,061	77,452	-	39,391	-
Wildlife Animal Damage Control	(a)	3,475	2,190	3,129	-	2,339	1,400
Total Wisconsin Department of Natural Resources			75,473	216,889	31,916	75,728	(65,688)

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2007

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2007	Receipts	Local Share	Grant Expenditures	Receivable (Payable) 12/31/07
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>							
Specialized Transportation	395.101	\$ 393,141	\$ -	\$ 393,141	\$ 79,628	\$ 393,141	\$ -
Flood Damage Aid Program	395.206	-	-	-	2,938	8,813	8,813
Total Wisconsin Department of Transportation							
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>							
Bureau of Division Wide Services							
Child Support Non-IV-D Activities	445.301	7,505	289	1,228	1,252	939	-
Children First	445.315	540,000	64,609	259,083	-	270,370	75,896
W-2 Administration	445.315	342,303	28,116	139,633	76,866	111,517	-
W-2 Services	445.315	546,285	(408)	221,565	172	313,315	91,342
W-2 Contract Prepayments	445.315	-	(73,639)	-	-	-	(73,639)
W-2 Job access Loans Net	445.323	8,010	800	1,900	-	1,100	-
Vital Records Fee	445.334	N/A	(1,774)	(1,774)	-	(1,414)	-
Unemployment Insurance Fees	445.334	N/A	(158)	(1,170)	-	(1,121)	(109)
FSET Admin 50/50 Optional	445.367	352,740	72,184	141,833	-	123,233	53,584
FSET Participant 50/50 Optional	445.367	42,421	4,818	21,997	-	23,363	6,184
W-2 Services	445.367	189,180	(141)	76,729	60	108,502	31,632
FSET Supplement	445.367	51,699	14,456	36,887	-	26,917	4,486
W-2 Emergency Assistance	445.375	N/A	11,348	105,511	-	107,040	12,877
Local Match- FSET Admin 50/50 Optional	(a)	-	-	-	246,466	-	-
Local Match- FSET Participant 50/50 Optional	(a)	-	-	-	46,725	-	-
Total Bureau of Division Wide Services							
Employment and Training Division 2007 Wisconsin Act 20	445.141	25,000	-	25,000	-	25,000	-
Total Wisconsin Department of Workforce Development							
<b>WISCONSIN PUBLIC SERVICE COMMISSION</b>							
E-911 Program	N/A	417,410	59,672	122,968	-	270,673	207,377
<b>TOTAL STATE FINANCIAL ASSISTANCE PROGRAMS</b>							
		\$	\$ 6,281,766	\$ 27,848,795	\$ 7,096,866	\$ 21,746,213	\$ 179,184

(a) The State Identification Number could not be identified.

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(A) Revenues and Expenditures

Expenditures and revenues in the schedule are presented in accordance with the modified accrual basis of accounting, consistent with the County's 2007 financial statements. Receivables at year-end consist of state program expenditures scheduled for reimbursement to the County in the succeeding year while payables represent advances for State programs that exceed reported County expenditures.

(B) Subgrantees

Certain program funds are passed through the County to subgrantee organizations. The Schedule of Expenditures of State Awards does not contain separate schedules disclosing how the subgrantees outside of the County's control utilized the funds. The County requires all subgrantees receiving more than \$25,000 to submit a separate audit report disclosing the use of the program funds.

(C) Cost Allocation

The County has a plan for allocation of indirect costs related to grant programs. Indirect costs are first allocated to applicable County departments in accordance with the cost allocation plan. The County reports each department's indirect cost allocation to the State and the State allocates the indirect costs to individual programs. Indirect costs are included in expenditures in the schedule.

In addition to the cost allocation plan, the County has various departments that provide services to other County Departments on a direct cost basis.

**2. FINANCIAL AWARD PROGRAMS**

The Schedule of Expenditures of State Awards includes all programs of the County of Racine, Wisconsin (the "County") and its component units which had activity in 2007, which are required to be reported by the State Single Audit Guidelines.

Program Period

Certain of the financial assistance programs have contract periods which are less than a year of which are for a 12-month period that ends during the calendar year. For the fiscal year-end contracts that ended and began in 2007, transactions occurring during 2007 are presented in the Schedule of Expenditures of State Awards and the fiscal period is disclosed under the title of the contract.



**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2007**

**2. FINANCIAL AWARD PROGRAMS (continued)**

Local Share

Certain of the financial assistance programs require the County to fund a portion of the expenditures of the program. The portion funded by the county is included as the "Local Share" in the Schedule of Expenditures of State Awards. A negative amount in this column indicates a reduction in local-share expenditures previously reported due to a sub-contractor refund.

Cognizant Agency

The Wisconsin Department of Health and Family Services is the County's State cognizant agency for the single audit.

**3. ADJUSTMENTS TO BEGINNING BALANCE**

Adjustments were made to the December 31, 2006 ending accrual or deferral because of new information available in 2007. The primary reason was to report on actual 2007 program revenue. Additional adjustments were made to reflect Federal/State funding percent changes.

**4. STATE-DIRECT TO CLIENT PAYMENTS**

The Wisconsin Department of Workforce Development sends State-direct to client payments for Wisconsin Works (W-2), Food Stamp Program and Low Income Home Energy Assistance Program (LIHEAP). The Wisconsin Department of Corrections sends State-direct payments for Youth Aids State Charges. In 2007, State-direct to client payments were \$908,409, \$16,485,047, \$1,227,488, and \$1,521,202 under the W-2, Food Stamp, LIHEAP and Youth Aids State Charges programs, respectively. These amounts are not included in the Schedules of Expenditures of Federal and State Awards.

**5. EQUALIZATION AIDS**

The Equalization Aids from the Wisconsin Department of Public Instruction is financial assistance not limited to any specific programs, purposes or targeted population. It is used in financing the general education program by the County. The amount of the expenditure is presented as the amount of the award which is based on equalization and Tax Incremental Financing (TIF) aid results.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2007**

**6. RECONCILIATION OF EXPENDITURES PER CARS**

Total expenditures per the April 17, 2008 CARS reports are reconciled to the Schedules of Expenditures of Federal and State Awards as follows:

Expenditures per April 17, 2008	
CARS Income Maintenance (44) report	\$ 4,078,224
CARS Human Services (44) report	31,247,327
Social Services Cost Pool	(5,571,546) (a)
DHFS/DWD/OTHER Programs not on CARS	13,361,550 (b)
CARS Adjustment/Refunds	270,583 (c)
Adjustment for Calendar Year	- (d)
County/State Adjustment to CARS	<u>- (e)</u>
 Total Federal and State Expenditures	 <u>\$ 43,386,137</u>

- (a) Represents "information only" costs reported by the County on the CARS reports. All costs are reported on other CARS lines for reimbursement purposes. This amount is not included on the Schedules of Expenditures of Federal and State Awards.
- (b) Represents costs of programs not reported on CARS but included on the Schedule of Expenditures of Federal and State Awards. Includes program costs of \$4,190,990 awarded through the Department of Workforce Development-Bureau of Division-Wide Services for W2; \$5,175,188 awarded through the Department of Corrections for Youth Aids and Capacity Building for Early & Intensive Intervention; \$1,422,944 awarded through the Area Agency on Aging; \$472,769 awarded through Department of Transportation; \$230,329 awarded through the Department of Administration for LIHEAP; \$472,407 awarded by the U.S. Department of Health and Human Services for YORP; \$91,343 awarded by the Department of Administration-Office of Justice Assistance for JAIBG, DMC, and Violence No More; \$1,210,175 awarded by the Department of Workforce Development-Bureau of Division-Wide Services passed through Kenosha County for WIA; \$1,070 awarded by Department of Workforce Development-Bureau of Division-Wide Services passed through Racine Unified for Locally Matched CCDF Funds; \$59,550 awarded by the Department of Commerce for Wisconsin Community Block Grant activities; \$25,000 awarded by the Department of Workforce Development – Employee and Training Division for Wisconsin Act 20, and \$9,785 awarded by the U.S. Department of Justice for the Racine/Kenosha BI Co Planning Project.
- (c) Represents adjustments/reimbursements identified on the April 17, 2008 CARS report (sum of CARS lines 146, 154, 158, 200, 291, 977, 909, and 1000).

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2007**

**6. RECONCILIATION OF EXPENDITURES PER CARS (continued)**

(d) Represents costs of programs for which the grant year is not the calendar year and expenditures per CARS represent costs for the grant period. Adjustment revises program expenditures to correspond to the calendar year consistent with the Schedules of Expenditures of Federal and State Financial Assistance (NONE FOR 2007).

(e) Represents adjustments made to the April 9, 2008 CARS report by the County or State. A summary by CARS line number follows:

<b>CARS</b>	
<b>Line</b>	
<b>Number</b>	<b>Adjustment</b>
367	\$ 196,768 (1)
338	(1,624) (1)
339	(2,208) (1)
348	(37) (1)
349	(51) (1)
376	(1) (1)
427	(11,335) (1)
437	(33,719) (1)
451	(24,800) (1)
450	(8,337) (1)
506	1 (1)
507	2 (1)
561	(114,794) (1)
563	59 (1)
564	44 (1)
580	14 (1)
581	18 (1)
750	(942) (2)
753	239 (2)
754	593 (2)
756	28 (2)
758	82 (2)
	-

(1) Adjustments made by State of Community Options, COPW, Community Integration Program II, Brain Injury Waiver, Community Integration Program 1B, Community Integration Program 1A, and CLTS Waiver.

(2) Subsequent adjustment made by State for Income Maintenance, Medical Assistance, Food Stamps, Child Care, and TANF Program Integrity.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2007**

**7. CONTINGENCY**

All state award programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for costs disallowed under the terms of the programs. It is the opinion of management that all costs charged against those state programs are allowable under the regulations of these programs.

**8. CASE MANAGEMENT AGENCY PROVIDERS**

Funds received from EDS Federal Corporation for Medical Assistance Case Management Services billed at a State DHSS specified unit rate are included as cost offsets on the CARS report to the Community Options Program, Integrated Services to Children with Disabilities, and Basic County Allocation, CARS lines 367, 530, and 561, respectively. Funds received and reported for 2007 were \$10,247 for Community Options, \$33,742 for Integrated Services to Children with Disabilities, and \$464,194 for Basic County Allocation.

Funds received from EDS Federal Corporation in 2007 for Community Services Deficit Reduction Benefit totaled \$146,105.

**9. COMMUNITY SUPPORT PROGRAM - MEDICAL ASSISTANCE**

Funds received from EDS Federal Corporation for Medical Assistance Community Support Services are billed by Transitional Living Service Inc. at a State DHSS specified unit rate. These funds are included as cost offsets to the Basic County Allocation on the CARS report, line 561. Funds received and reported for 2007 were \$471,274.

**10. CRISIS PROGRAM - MEDICAL ASSISTANCE**

Funds received from EDS Federal Corporation for Medical Assistance Crisis Services are billed by Racine County Human Services Department at a State DHSS specified unit rate. These funds are included as cost offsets to the Basic County Allocation on the CARS report, line 561. Funds received and reported for 2007 were \$193,175.

This information is an integral part of the accompanying schedule.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2007**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ none  
  X   yes \_\_\_\_\_ reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**State Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ none  
  X   yes \_\_\_\_\_ reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*?   X   yes \_\_\_\_\_ no

Identification of major programs:

State ID Number(s)	Name of State Program or Cluster
255.101	Handicapped and School age Parents Education Aid
435.367	Community Options Program (COP)
435.450	CLTS GPR
435.506	Brain Injury Waiver
435.564	Community Integration Program 1-B (CIP-1B)
435.580	Community Integration Program 1-A (CIP-1A)
435.561	Basic County Allocation
435.283	Income Maintenance
435.377	Kinship Care Base Benefit
435.560100	Aging and Disability Resource Center
395.101	Specialized Transportation
410.313	Youth Aids
410.302	Capacity Building for Early and Intensive Intervention
505.110	P&D Smart Growth Grant
N/A	E-911 Grant
N/A	Case Management

Dollar threshold used to distinguish between type A and type B programs:

Department of Health and Family Services	<u>\$418,801</u>
Other	<u>\$100,000</u>

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2007**

**Section II - Financial Statement Findings**

See finding 2007-01 as discussed in Section II of the Schedule of Federal Findings and Questioned Costs.

**Section III - State Award Findings and Questioned Costs**

**Finding 2007- 06**

State Identification Number – 435.564  
Program Name – Community Integration Program 1B  
Funding Agency – State of Wisconsin Department of Health and Family Services

Requirement

Per the Department of Health and Family Services state single audit guidelines, participants must be eligible for Medicaid or Waiver funding under CIP 1B. Eligibility is documented on the DDE-0919 or through the CARES screen.

Condition

One client file of twenty-five tested did not contain a current Form DDE-019.

Questioned Costs

\$3,401, which is the state portion of the total billed for Episode Number M0106732.

Cause

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

Effect

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for an ineligible participant.

Recommendation

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2007**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2007- 06** (continued)

**Management's Response**

Racine County is a Family Care County and the Community Integration Program IB is no longer in existence in Racine.

**Finding 2007- 07**

State Identification Number – 435.564

Program Name – Community Integration Program 1B

Funding Agency – State of Wisconsin Department of Health and Family Services

**Requirement**

Per the Department of Health and Family Services state single audit guidelines, individualized service plans will be current, be based on assessment and conform to the requirements in the Waiver manual (see Chapter VI of the Waiver manual). The individual service plan must be reviewed every six months and updated not less than annually, or when needs, services, providers or units of service change.

**Condition**

Client file did not contain a current individual service plan.

**Questioned Costs**

\$3,401, which is the state portion of the total billed for Episode Number M0106732.

**Cause**

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

**Effect**

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for an ineligible participant.

**Recommendation**

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2007**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2007- 07** (continued)

**Management's Response**

Racine County is a Family Care County and the Community Integration Program IB is no longer in existence in Racine.

**Finding 2007- 08**

State Identification Number – 435.348

Program Name – Community Integration Program II

Funding Agency – State of Wisconsin Department of Health and Family Services

See Finding 2007-04 discussed in Section III of the Schedule of Federal Findings and Questioned Costs.

**Finding 2007- 09**

State Identification Number – Not Applicable

Program Name – General Requirements

Funding Agency – State of Wisconsin Department of Health and Family Services

**Requirement**

In accordance with Wisconsin Statutes 51.61 and Administrative Code HFS 94, each recipient file must contain documentation of annual re-notification of rights, including right to file a grievance and the file must contain annual written informed consent signed by the client/guardian for each treatment/medication.

**Condition**

There was one file that had no documentation that client was informed of their rights. Another file had no documentation of written consent (signature of client/guardian) for treatment/medication.

**Questioned Costs**

We did not identify any questioned costs.

**Cause**

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.



**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2007**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2007- 09** (continued)

Effect

Clients are possibly not being informed of their rights regarding filing grievances and changing services. Also, clients may be receiving unauthorized services/treatments.

Recommendation

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

Management's Response

Racine County will establish written policies and procedures for quality control. The County will provide training to case managers with regard to State requirements and conduct periodic reviews.

**Finding 2007-10**

State Identification Number – 435.367  
Program Name – Community Options Program  
Funding Agency – State of Wisconsin Department of Health and Family Services

Requirement

Every COP participant who received COP funded services must have a care plan (similar to a Waiver "ISP" – Individual Service Plan) that is (signed by the) participant or the participant's guardian. (COP Guidelines, page V-17). (Appendix to the State Single Audit Guidelines for Programs from the Department of Health and Family Services, 2006 Revision Section 3.1.A).

Condition

There were two client files of twenty-five tested that were missing a current service plan.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2007**

**Section III - State Award Findings and Questioned Costs (continued)**

Questioned Costs

Total billed costs for Episode numbers Y0028692 and E0149052 are \$19,241.

Cause

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

Effect

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for an ineligible participant.

Recommendation

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

Management's Response

Racine County will establish written policies and procedures for quality control. The County will provide training to case managers with regard to the requirements of the Community Options Program and develop a checklist to guide case managers in making sure all requirements are met. Supervisor will do a quality review on COP case files every three months.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2007**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2007-11**

State Identification Number – 435.367

Program Name – Community Options Program

Funding Agency – State of Wisconsin Department of Health and Family Services

**Requirement**

Per Wisconsin Statute 46.27(6u), eligible recipients may be required, according to the fiscal eligibility tools, to contribute a cost share which results in less expense to the program. Evidence must be obtained for each client receiving services, unless the individual's financial eligibility has been determined in Medicaid Waiver program.

**Condition**

There was no evidence in some case files that the county had completed a COP eligibility and cost sharing worksheet for clients receiving services.

**Questioned Costs**

Total billed costs for Episode numbers J0127867, Y0155962 and J0152931 are \$118,023.

**Cause**

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

**Effect**

COP compliance requirements state that a county is not to bill COP for services to a participant who is not eligible for COP service funding as determined by the COP Uniform Cost Sharing Plan tools. If this condition remains unresolved, it is possible that the County may bill non-allowable expenses to the COP program.

**Recommendation**

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

**Management's Response**

The County will provide training to case managers with regard to the requirements of the Community Options Program and develop a checklist to guide case managers in making sure all requirements are met. Supervisor will do a quality review on COP case files every three months.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2007**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2007-12**

State Identification Number – Not Applicable

Program Name – Case Management

Funding Agency – State of Wisconsin Department of Health and Family Services

**Requirement**

Participants receiving case management services must have files which include the assessment document, case plan and documentation of ongoing monitoring and service coordination, in accordance with HFS 105.51 and HFS 107.32.

**Condition**

There were two files of twenty-five files tested that were missing a case plan covering the dates when case management time was being charged. Also, there was a lack of case management notes documented in the file.

**Questioned Costs**

\$77

**Cause**

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

**Effect**

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for ineligible participant.

**Recommendation**

We recommend that written policy and procedures be established for quality control. This policy would include review case files to ensure all approvals and required documents are in each client's case files.

**Management's Response**

Racine County will establish written policies and procedures for quality control. The County will provide training to case managers with regard to the requirements of the Targeted Case Management Program and develop a checklist to guide case managers in making sure all requirements are met.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2007**

**Section IV - Other Matters**

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ Yes               x No

2. Does the auditor's report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Agriculture, Trade and Consumer Protection	_____	Yes	_____	x	No
Department of Commerce	_____	Yes	_____	x	No
Department of Public Instruction	_____	Yes	_____	x	No
Department of Natural Resources	_____	Yes	_____	x	No
Department of Transportation	_____	Yes	_____	x	No
Department of Corrections	_____	Yes	_____	x	No
Department Health and Family Services	_____	x	Yes	_____	No
Department of Workforce Development	_____	Yes	_____	x	No
Department of Justice	_____	Yes	_____	x	No
Department of Military Affairs	_____	Yes	_____	x	No
Department of Administration	_____	Yes	_____	x	No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_ x Yes        \_\_\_\_\_ No

4. Name and Signature of Partner

*Renee Messing*

\_\_\_\_\_  
Renee Messing, CPA

5. Date of Report \_\_\_\_\_ September 29, 2008 \_\_\_\_\_

**COUNTY OF RACINE  
SCHEDULE OF PRIOR YEAR STATE FINDINGS  
Year Ended December 31, 2007**

**Finding 2006-01** – Finding has been resolved.

**Finding 2006-02** – Finding has been resolved.

**Finding 2006-03** – Finding has been resolved.

**Finding 2006-04** – Finding has been resolved.

**Finding 2006-05**– Repeated as current year finding 2007-10.

**Finding 2006-06**– Repeated as current year finding 2007-11.

**Finding 2006-07**– Finding has been resolved.