

FINANCIAL AUDIT
INCLUDING THE PROVISIONS OF THE SINGLE AUDIT ACT
OF THE

MICHIGAN DEPARTMENT OF STATE POLICE

October 1, 1995 through September 30, 1997

EXECUTIVE DIGEST

MICHIGAN DEPARTMENT OF STATE POLICE

INTRODUCTION

This report contains the results of our financial audit*, including the provisions of the Single Audit Act, of the Michigan Department of State Police (MSP) for the period October 1, 1995 through September 30, 1997.

AUDIT PURPOSE

This financial audit of MSP was conducted as part of the constitutional responsibility of the Office of the Auditor General and is required on a biennial basis by Act 251, P.A. 1986, to satisfy the requirements of the Single Audit Act of 1984 and federal Office of Management and Budget Circular A-128, *Audits of State and Local Governments*.

BACKGROUND

MSP's mission* is to provide leadership, coordination, and delivery of law enforcement and support services for the safety and protection of people and property. The director of MSP is appointed by and serves at the discretion of the Governor. The director is charged with the responsibilities of establishing a highway patrol, cooperating with peace officers for the purposes of prevention and discovery of crimes, apprehending criminals, and preserving law and order throughout the State.

MSP had 2,144 enlisted and 991 civilian employees as of September 30, 1997. MSP expenditures and operating

* See glossary on page 53 for definition.

transfers out totaled approximately \$350 million in fiscal year 1996-97.

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To assess the adequacy of the MSP's internal control structure*, including applicable administrative controls related to the management of federal financial assistance programs.

Conclusion: Our assessment of the internal control structure did not disclose any material weaknesses*. However, we noted reportable conditions* relating to incompatible user class* combinations, controls over the Advanced Purchasing and Inventory Control System* (ADPICS), controls over cash receipts*, and monitoring of subrecipients* (Findings 1 through 4).

In addition, our assessment indicated that MSP was in substantial compliance with the requirements set forth in Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws* pertaining to its systems of internal accounting and administrative controls.

Audit Objective: To assess MSP's compliance with both State and federal laws and regulations that could have a material effect on either MSP's financial schedules or any of its major federal financial assistance programs.

Conclusion: Our assessment of MSP's compliance with laws and regulations did not disclose any instances of noncompliance that could have a material effect on MSP's financial schedules or any of its major federal financial assistance programs.

* See glossary on page 53 for definition.

Audit Objective: To audit MSP's financial schedules for the fiscal years ended September 30, 1997 and September 30, 1996.

Conclusion: We expressed an unqualified opinion on the financial schedules for the fiscal years ended September 30, 1997 and September 30, 1996.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Michigan Department of State Police for the period October 1, 1995 through September 30, 1997. Our audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit objective for the assessment of the internal control structure included an evaluation of MSP's implementation of the requirements for establishing and maintaining systems of internal accounting and administrative control, as set forth in Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws*.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report includes 4 findings and corresponding recommendations. The agency's preliminary response indicated that it agreed with all of the findings and recommendations.

MSP had complied or partially complied with 5 of the 6 prior audit recommendations included within the scope of our current audit.

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Colonel Michael D. Robinson, Director
Michigan Department of State Police
714 South Harrison Road
East Lansing, Michigan

Dear Colonel Robinson:

This is our report on the financial audit, including the provisions of the Single Audit Act, of the Michigan Department of State Police for the period October 1, 1995 through September 30, 1997.

This report contains our executive digest; description of agency; audit objectives, audit scope, and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; and independent auditor's reports on the internal control structure, on compliance with laws and regulations, and on the financial schedules. This report also contains the Michigan Department of State Police's financial schedules and note to the financial schedules; supplemental financial schedules; the schedule of questioned costs and the schedule of immaterial noncompliance, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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Description of Agency

The Michigan Department of State Police (MSP) is one of the principal departments of State government. The director of MSP is appointed by and serves at the discretion of the Governor.

MSP's mission is to provide leadership, coordination, and delivery of law enforcement and support services for the safety and protection of people and property. The director is charged with the responsibilities of establishing a highway patrol, cooperating with peace officers for the purposes of prevention and discovery of crimes, apprehending criminals, and preserving law and order throughout the State.

To carry out its responsibilities, MSP is comprised of executive and administrative staff, the Office of Highway Safety Planning, and three operating bureaus. The Support Services Bureau is responsible for the financial and administrative operations of MSP. It is also responsible for criminal records, emergency management activities, and training. The Uniform Services Bureau consists of enlisted and other personnel at posts throughout the State who perform highway patrol, complaint, motor carrier, and other activities. The Investigative Services Bureau consists of enlisted and other personnel who perform investigations related to fraud, narcotics, organized crime, and other criminal activities. This Bureau also includes the Forensic Science and Fire Marshal Divisions. Some of the duties of the Fire Marshal Division were transferred to the Department of Consumer and Industry Services as of October 1, 1997. Responsibilities for federal grant management are shared by the divisions carrying out the grant activities and the Support Services Bureau.

MSP had 2,144 enlisted and 991 civilian employees as of September 30, 1997. MSP expenditures and operating transfers out totaled approximately \$350 million in fiscal year 1996-97.

Audit Objectives, Audit Scope, and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our financial audit, including the provisions of the Single Audit Act, of the Michigan Department of State Police (MSP) had the following objectives:

1. To assess the adequacy of MSP's internal control structure, including applicable administrative controls related to the management of federal financial assistance programs.
2. To assess MSP's compliance with both State and federal laws and regulations that could have a material effect on either MSP's financial schedules or any of its major federal financial assistance programs.
3. To audit MSP's financial schedules for the fiscal years ended September 30, 1997 and September 30, 1996.

Our audit objective for the assessment of the internal control structure included an evaluation of MSP's implementation of the requirements for establishing and maintaining systems of internal accounting and administrative control, as set forth in Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws*.

Audit Scope

Our audit scope was to examine the financial and other records of the Michigan Department of State Police for the period October 1, 1995 through September 30, 1997. Our audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

We considered MSP's internal control structure policies and procedures for its federal financial assistance programs and assessed MSP's compliance with federal laws and regulations in accordance with the Single Audit Act of 1984 and federal Office of

Management and Budget Circular A-128, *Audits of State and Local Governments*, in addition to generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, we followed up on the prior audit findings and questioned costs* . MSP's major programs are identified on the schedules of federal financial assistance.

We did not report on compliance for nonmajor federal financial assistance programs because no transactions for nonmajor federal financial assistance programs were selected in connection with our audit of the financial schedules and our assessment of the internal control structure.

Agency Responses and Prior Audit Follow-Up

Our audit report includes 4 findings and corresponding recommendations. The agency's preliminary response indicated that it agreed with all of the findings and recommendations.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require MSP to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

MSP had complied or partially complied with 5 of the 6 prior audit recommendations included within the scope of our current audit.

* See glossary on page 53 for definition.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

INTERNAL CONTROL STRUCTURE

COMMENT

Audit Objective: To assess the adequacy of the Michigan Department of State Police's (MSP's) internal control structure, including applicable administrative controls related to the management of federal financial assistance programs.

Conclusion: Our assessment of the internal control structure did not disclose any material weaknesses. However, we noted reportable conditions relating to incompatible user class combinations, controls over the Advanced Purchasing and Inventory Control System (ADPICS), controls over cash receipts, and monitoring of subrecipients.

In addition, our assessment indicated that MSP was in substantial compliance with the requirements set forth in Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws* pertaining to its systems of internal accounting and administrative controls.

FINDING

1. Incompatible User Class Combinations

MSP did not have sufficient control procedures over access to the Michigan Administrative Information Network (MAIN) to ensure that all employees were assigned user classes that were compatible with assigned job responsibilities. As a result, 46 of MSP's 614 MAIN users had been assigned user class combinations that provided access to functions that were incompatible with assigned job responsibilities.

User classes play a critical role in providing internal control over a department's initiation and approval of transactions that affect the accounting records. Also, the MAIN FACS (Financial Administration and Control System*) Security Manual requires each agency to maintain effective control over which employees have access to various MAIN functions.

* See glossary on page 53 for definition.

Our review disclosed that, although MSP appropriately segregated actual job responsibilities, the assignment of MAIN user classes allowed some employees to have both recording and approval capabilities. Also, some employees had access to other incompatible functions, such as accounting and cashiering or disbursing and cashiering.

Providing employees with the ability to perform functions incompatible with their assigned job duties reduces MSP's ability to prevent or detect inappropriate transactions. However, our audit did not disclose any inappropriate transactions that resulted from this weakness in MSP's internal controls.

RECOMMENDATION

We recommend that MSP establish sufficient control procedures over access to MAIN to ensure that all employees are assigned user classes that are compatible with assigned job responsibilities.

AGENCY PRELIMINARY RESPONSE

MSP agreed that ongoing monitoring of user classes is necessary to maintain appropriate internal control. MSP's internal audit staff will review user class assignments on a periodic basis to resolve any incompatible user class issues by either changing user class assignments or developing mitigating controls.

FINDING

2. Controls Over ADPICS

MSP did not sufficiently control the assignment of user capabilities within ADPICS, the Statewide purchasing system within MAIN.

MSP assigned user class 17 capabilities to over 250 different users. All other State agencies had assigned user class 17 to a total of only 120 users. This user class was intended for use by small agencies and local offices that required the capability for selected users to act as a one-person office. We identified 34 different MSP units or local posts with between 3 and 8 users who had been assigned this "one-person office" user class.

ADPICS user class 17 capabilities include requisitioning, receiving, purchasing, accounts payable processing, document cancellation, and change order

processing. These capabilities could allow an individual to bypass established internal controls, such as traditional separation of duties. Because of this risk, MSP should limit the assignment of user class 17.

MSP staff informed us that this user class was assigned to many of its ADPICS users prior to the implementation of MAIN on October 1, 1994, when little guidance was available on the capabilities and associated risk of specific user classes. MSP had subsequently determined that many of its ADPICS users should be assigned a more restrictive user class. However, at the time of our audit, MSP had not made security changes to those users with user class 17.

Properly limiting the assignment of ADPICS user class 17 could help MSP reduce the risk of unauthorized and improper transactions.

RECOMMENDATION

We recommend that MSP sufficiently control the assignment of user capabilities within ADPICS.

AGENCY PRELIMINARY RESPONSE

MSP agreed that sufficient control should be maintained in ADPICS user class assignments. MSP indicated that, where possible, it has already changed the users in question to a more restrictive user class. MSP's internal audit staff will review user class assignments on a periodic basis to resolve any inappropriate user class issues by either changing user class assignments or developing mitigating controls.

FINDING

3. Controls Over Cash Receipts

MSP's internal controls at 2 of its 7 primary cashiering locations did not ensure that all cash receipts (currency, checks, and warrants) were accurately recorded and deposited on a timely basis.

MSP annually collects cash receipts in excess of \$17 million. The central cashier at MSP's East Lansing headquarters and six other locations in the Lansing area receive cash. Our review disclosed that controls over cash receipts at MSP's

headquarters, where most of the cash is received, were sufficient. However, we noted the following weaknesses in controls at other locations:

- a. One location, which receives approximately \$400,000 annually, did not have two employees open the mail and record cash receipts. Department of Management and Budget (DMB) Administrative Guide procedure 1270.02 requires that at least two employees open mail to provide greater assurance that all cash receipts are properly recorded.

In addition, the cashier at this location did not always make timely deposits. Specifically, we noted that 11 (48%) of the 23 deposits that we reviewed were not deposited until 2 to 7 business days after being received. DMB Administrative Guide procedure 1210.04 requires receipts to be deposited on the day of receipt or by close of business the following day. Timely deposits help minimize the risk that cash receipts could be lost or stolen.

- b. One location did not always have an employee independent of the cash receipts function verify the deposits to the receipts log. Independent verification of deposits would provide greater assurance that all funds received were properly deposited.

RECOMMENDATION

We recommend that MSP improve internal controls to help ensure that all cash receipts are accurately recorded and deposited on a timely basis.

AGENCY PRELIMINARY RESPONSE

MSP agreed with the recommendation and is developing new cashiering procedures which include a departmentwide automated cashiering and billing system. Additionally, MSP is reviewing the possibility of centralizing these cashiering functions.

FINDING

4. Monitoring of Subrecipients

MSP's internal control structure did not ensure that federal grant program subrecipients were monitored in accordance with federal requirements.

Section 7502(e)(1) of the Single Audit Act of 1984 requires recipients of federal financial assistance that provide \$25,000 or more in a fiscal year to a subrecipient to determine that the subrecipient spent those funds in accordance with applicable laws and regulations. In addition, Section 9.c. of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, requires MSP to review subrecipient reports and ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of noncompliance with federal laws and regulations.

In response to our prior audit recommendations, MSP centralized its subrecipient monitoring function and hired additional staff in 1997 to review subrecipient audit reports. We noted some improvement in MSP's monitoring function since the prior audit. However, our review of 20 subrecipients required to submit audit reports to MSP during our audit period disclosed:

- a. Two (10%) of the 20 recipients did not submit their Single Audit* reports to MSP. MSP did not contact these recipients to determine if they had a Single Audit report and did not use other means to determine if the subrecipients spent their federal financial assistance in accordance with applicable laws and regulations. For 4 (22%) of the 18 reports that MSP received, we could not determine whether subrecipients complied with the deadline established by OMB Circular A-128 because MSP had not documented when it received the reports from the subrecipients.
- b. MSP had not reviewed 7 (39%) of the 18 Single Audit reports that it received within six months of the date received, as required by OMB Circular A-128. For 8 (44%) of the 18 Single Audit reports that MSP received, we could not determine if MSP reviewed them within the time allowed by OMB Circular A-128 because MSP had not documented when it reviewed the reports.

RECOMMENDATION

We recommend that MSP strengthen its internal control structure to help ensure that federal grant program subrecipients are monitored in accordance with federal requirements.

AGENCY PRELIMINARY RESPONSE

MSP agreed with the recommendation and will continue to modify its procedures to ensure that federal grant subrecipients are monitored in accordance with federal requirements and will more accurately document the receipt and review of their Single Audit reports.

COMPLIANCE WITH LAWS AND REGULATIONS

COMMENT

Audit Objective: To assess MSP's compliance with both State and federal laws and regulations that could have a material effect on either MSP's financial schedules or any of its major federal financial assistance program.

Conclusion: Our assessment of MSP's compliance with laws and regulations did not disclose any instances of noncompliance that could have a material effect on MSP's financial schedules or any of its major federal financial assistance programs.

FINANCIAL ACCOUNTING AND REPORTING

COMMENT

Audit Objective: To audit MSP's financial schedules for the fiscal years ended September 30, 1997 and September 30, 1996.

Conclusion: We expressed an unqualified opinion on the financial schedules for the fiscal years ended September 30, 1997 and September 30, 1996.

Independent Auditor's Report on
the Internal Control Structure

May 4, 1998

Colonel Michael D. Robinson, Director
Michigan Department of State Police
714 South Harrison Road
East Lansing, Michigan

Dear Colonel Robinson:

We have audited the General Fund financial schedules of the Michigan Department of State Police for the fiscal years ended September 30, 1997 and September 30, 1996 and have issued our report thereon dated May 4, 1998. We have also audited the Michigan Department of State Police's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 4, 1998.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audits to obtain reasonable assurance about whether the financial schedules are free of material misstatement and about whether the Department complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the fiscal years ended September 30, 1997 and September 30, 1996, we considered the Department's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Department's financial schedules and not to provide assurance on the internal control structure. We also considered the Department's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on its compliance with requirements applicable to major federal financial assistance programs, and to report on the internal control structure in accordance with OMB Circular A-128.

The management of the Michigan Department of State Police is responsible for establishing and maintaining an internal control structure, which operates in conjunction with the Statewide internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial schedules in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures, including those used in administering federal financial assistance programs, in the following categories:

Accounting Controls

- Payroll expenditures
- Nonpayroll expenditures
- Revenue and cash receipting

Administrative Controls

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

Specific requirements:

- Types of services allowed or unallowed
- Eligibility
- Matching, level of effort, and/or earmarking
- Special reporting
- Subrecipient monitoring

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the fiscal years ended September 30, 1997 and September 30, 1996, the Michigan Department of State Police expended 87% and 84%, respectively, of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Department's major federal financial assistance programs, which are identified in the accompanying schedules of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedules or to administer federal financial assistance programs in accordance with applicable laws and regulations. The reportable conditions are more fully described in Findings 1 through 4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial schedules being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures, including those used in administering federal financial assistance programs, would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the Legislature. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

Independent Auditor's Report on
Compliance With Laws and Regulations

May 4, 1998

Colonel Michael D. Robinson, Director
Michigan Department of State Police
714 South Harrison Road
East Lansing, Michigan

Dear Colonel Robinson:

We have audited the General Fund financial schedules of the Michigan Department of State Police for the fiscal years ended September 30, 1997 and September 30, 1996 and have issued our report thereon dated May 4, 1998.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Michigan Department of State Police is the responsibility of the Department's management. As part of obtaining reasonable assurance about whether the financial schedules are free of material misstatement, we performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial schedules was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Michigan Department of State Police complied, in all material respects, with the provisions referred to in the previous paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Department had not complied, in all material respects, with those provisions.

We have also audited the Department's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, and/or earmarking; special reporting; subrecipient monitoring; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedules of federal financial assistance, for the fiscal years ended September 30, 1997 and September 30, 1996. The management of the Department is responsible for the Department's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the previous paragraph occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the findings and recommendations, the accompanying schedule of questioned costs, and/or the accompanying schedule of immaterial noncompliance. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Michigan Department of State Police complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, and/or earmarking; special reporting; subrecipient monitoring; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the fiscal years ended September 30, 1997 and September 30, 1996.

We have applied procedures to test the Department's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedules of federal financial assistance, for the fiscal years ended September 30, 1997 and September 30, 1996:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles

Drug-Free Workplace Act
Administrative requirements

Our procedures for testing compliance with the general requirements were limited to the applicable procedures described in OMB's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures for testing compliance with the general requirements, which are described in the previous paragraph, were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Department's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second previous paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Michigan Department of State Police had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of questioned costs and the accompanying schedule of immaterial noncompliance.

This report is intended for the information of management and the Legislature. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

Independent Auditor's Report on
the Financial Schedules

May 4, 1998

Colonel Michael D. Robinson, Director
Michigan Department of State Police
714 South Harrison Road
East Lansing, Michigan

Dear Colonel Robinson:

We have audited the accompanying schedule of General Fund revenue and operating transfers and the schedule of General Fund sources and disposition of authorizations of the Michigan Department of State Police for the fiscal years ended September 30, 1997 and September 30, 1996. These financial schedules are the responsibility of the Michigan Department of State Police management. Our responsibility is to express an opinion on these financial schedules based on our audit. The financial transactions of the Department are accounted for principally in the General Fund of the State of Michigan.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1b, the accompanying financial schedules include only the revenue and operating transfers and the sources and disposition of authorizations for the Department's General Fund accounts, presented on the modified accrual basis of accounting. Accordingly, these financial schedules are not intended to constitute a complete financial presentation of either the Department or the State's General Fund in accordance with generally accepted accounting principles.

In our opinion, the financial schedules referred to in the first paragraph present fairly, in all material respects, the revenue and operating transfers and the sources and disposition of authorizations of the Michigan Department of State Police for the fiscal years ended September 30, 1997 and September 30, 1996 on the basis of accounting described in Note 1b.

Our audit was made for the purpose of forming an opinion on the Department's financial schedules. The accompanying supplemental financial schedules, consisting of the schedule of certain General Fund assets and liabilities, the schedule of disposition of General Fund authorizations by appropriation unit, and the schedules of federal financial assistance, are presented for purposes of additional analysis and are not a required part of the Department's financial schedules referred to in the first paragraph. The information in the supplemental financial schedules has been subjected to the auditing procedures applied in the audit of the Department's financial schedules and, in our opinion, is fairly stated in all material respects in relation to the Department's financial schedules.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 1998 on our consideration of the Michigan Department of State Police's internal control structure and a report dated May 4, 1998 on its compliance with laws and regulations.

AUDITOR GENERAL

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of General Fund Revenue and Operating Transfers
Fiscal Years Ended September 30

	1997	1996
REVENUE		
From federal agencies:		
Federal Emergency Management Agency	\$ 17,680,424	\$ 6,658,772
U.S. Department of Transportation	7,067,784	6,938,605
U.S. Department of Justice	3,579,255	2,337,047
Other federal revenue	3,548,679	3,454,821
From local agencies	4,548,402	6,558,320
From services:		
Hazardous materials inspections	500,473	470,342
All others	3,517,531	4,564,306
From licenses and permits:		
Motor carrier fees	2,668,500	2,747,141
Truck driver safety fund	2,635,137	2,617,077
All others	648,952	170,613
Miscellaneous:		
Michigan justice training fund	6,532,769	6,260,026
Speeding fine surcharges (highway safety fund)	6,430,815	6,000,031
Automobile Theft Prevention Authority	5,820,352	5,675,428
Secondary road patrol grant funds	6,375,335	6,039,758
Drunk driver prevention program	568,875	452,426
Narcotics investigation and forfeiture funds	312,674	382,507
Interest on Common Cash equity	1,030,339	924,261
Other miscellaneous revenue	4,562,483	1,060,075
Total Revenue	\$ 78,028,779	\$ 63,311,556
 OPERATING TRANSFERS		
From other funds	\$ 6,417,700	\$ 6,493,833
From primary government	25,866	15,133
 Total Operating Transfers	\$ 6,443,566	\$ 6,508,966
 Total Revenue and Operating Transfers	\$ 84,472,345	\$ 69,820,522

The accompanying note is an integral part of the financial schedules.

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of General Fund Sources and Disposition of Authorizations
Fiscal Years Ended September 30

	<u>1997</u>	<u>1996</u>
SOURCES OF AUTHORIZATIONS		
General purpose appropriations	\$ 270,181,200	\$ 253,918,139
Balances carried forward	29,678,552	23,352,188
Restricted financing sources	88,259,827	74,699,957
Less: Intrafund expenditure reimbursements	<u>(5,552,956)</u>	<u>(5,985,998)</u>
 Total	 <u>\$ 382,566,623</u>	 <u>\$ 345,984,286</u>
 DISPOSITION OF AUTHORIZATIONS		
Gross expenditures and operating transfers out	\$ 350,427,467	\$ 320,805,032
Less: Intrafund expenditure reimbursements	<u>(5,552,956)</u>	<u>(5,985,998)</u>
Net expenditures and operating transfers out	<u>\$ 344,874,511</u>	<u>\$ 314,819,034</u>
 Balances carried forward:		
Multi-year projects	\$ 9,704,928	\$ 2,519,107
Encumbrances	5,087,514	7,942,036
Restricted revenue - authorized	7,820	294,032
Restricted revenue - not authorized	<u>22,142,035</u>	<u>19,040,500</u>
Total balances carried forward	<u>\$ 36,942,297</u>	<u>\$ 29,795,675</u>
 Balances lapsed	 <u>\$ 749,815</u>	 <u>\$ 1,369,577</u>
 Total	 <u>\$ 382,566,623</u>	 <u>\$ 345,984,286</u>

The accompanying note is an integral part of the financial schedules.

Note to Financial Schedules

Note 1 Significant Accounting Policies

a. Reporting Entity

The accompanying financial schedules report the results of the financial transactions of the Michigan Department of State Police (MSP) for the fiscal years ended September 30, 1997 and September 30, 1996. The financial transactions of MSP are accounted for principally in the State's General Fund and are reported on in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*.

The footnotes accompanying these financial schedules relate directly to MSP. The *SOMCAFR* provides more extensive general disclosures regarding the State's Summary of Significant Accounting Policies, Budgeting and Budgetary Control, Treasurer's Common Cash, Pension Benefits and Other Postemployment Benefits, Compensated Absences, Leases, and Contingencies and Commitments.

b. Basis of Accounting and Presentation

The financial schedules contained in this report are prepared on the modified accrual basis of accounting, as provided by generally accepted accounting principles for governmental funds. The modified accrual basis of accounting, which emphasizes the measurement of current financial resource flows, is explained in more detail in the *SOMCAFR*.

The accompanying financial schedules include only the revenue and operating transfers and the sources and disposition of authorizations for MSP's General Fund accounts. Accordingly, these financial schedules are not intended to constitute a complete financial presentation of either MSP or the State's General Fund in accordance with generally accepted accounting principles.

SUPPLEMENTAL
FINANCIAL SCHEDULES

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Certain General Fund Assets and Liabilities
As of September 30

	<u>1997</u>	<u>1996</u>
ASSETS		
Due from federal agencies	\$ 19,505,307	\$ 6,474,685
Due from local units	\$ 1,485,245	\$ 1,351,351
Inventory	\$ 2,193,407	\$ 2,702,424
Other current assets	\$ 2,476,854	\$ 2,405,058
LIABILITIES		
Accounts payable	\$ 3,610,760	\$ 3,523,160
Deferred revenue	\$ 771,949	\$ 564,837
Due to other funds	\$ 223,465	\$ 223,465

This schedule of assets and liabilities is not representative of a balance sheet and is not intended to report financial condition. This schedule presents certain General Fund assets and liabilities that result from the operations of, and are the responsibility of, the Michigan Department of State Police. This schedule excludes certain other assets and liabilities, such as equity in Common Cash, cash in transit, and warrants outstanding, which are accounted for centrally by the State.

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Disposition of General Fund Authorizations by Appropriation Unit
Fiscal Years Ended September 30

1997								
	Total	Gross	Intrafund	Multi-	Encumbrances	Restricted	Restricted	Balances
	Authorizations	Expenditures and Operating Transfers Out	Expenditure Reimbursements	Year Projects		Revenue - Authorized	Revenue - Not Authorized	Lapsed
Executive Direction	\$ 15,532,589	\$ 9,210,007	\$	\$	\$ 112,853	\$	\$ 6,198,633	\$ 11,096
Departmentwide Appropriations	25,964,016	25,283,225	(689,138)		40,834		1,297,077	32,018
Support Services	7,969,783	9,796,744	(1,923,903)		34,241		51,176	11,525
Highway Safety Planning	19,595,465	16,148,145			274		3,445,435	1,611
Emergency Services	36,577,257	27,228,109	(356,070)	9,677,190	9,970		15,013	3,045
Central Records	5,383,681	4,648,349			337,502		387,982	9,848
Criminal Justice Data Center	13,552,474	11,822,375	(421,794)	27,738	2,045,609	7,820	2,346	68,380
Forensic Sciences	15,433,314	14,358,185			417,161		653,469	4,499
Training								
Law Enforcement Officers Training Council	14,114,090	5,848,805	(115,996)		9,758		8,368,877	2,646
Fire Marshal	10,026,771	9,293,388	(256,143)		28,042		838,162	123,322
Uniform Services	152,706,833	151,780,007	(219,330)		622,770		135,918	387,468
Criminal Investigation	34,914,691	35,628,310	(1,493,936)		761,731		8,749	9,837
Special Operations	17,061,289	15,755,614	(76,646)		558,703		739,198	84,420
Motor Carrier Enforcement	12,617,824	12,509,658			108,066			100
Other	1,116,546	1,116,546						
Total	\$ 382,566,623	\$ 350,427,467	\$ (5,552,956)	\$ 9,704,928	\$ 5,087,514	\$ 7,820	\$ 22,142,035	\$ 749,815

Total Authorizations	Gross Expenditures and Operating Transfers Out	Intrafund Expenditure Reimbursements	Multi-Year Projects	Encumbrances	Restricted Revenue - Authorized	Restricted Revenue - Not Authorized	Balances Lapsed
\$ 15,007,267	\$ 9,133,254	\$	\$	\$ 134,940	\$	\$ 5,738,100	\$ 973
22,523,871	22,134,300	(655,655)		47,071		908,590	89,565
6,053,725	5,863,114			181,143			9,468
18,620,462	14,857,428			18,926		3,728,956	15,152
11,066,151	9,315,693	(150,498)	1,871,765	24,982			4,209
5,256,021	4,383,553			469,944		335,225	67,299
12,660,837	10,692,737	(559,741)	647,342	1,717,211	47,839	19,278	96,171
13,435,223	12,952,862	(503,000)		463,980		488,688	32,693
1,987,720	3,162,366	(1,231,596)		1,775		54,763	412
15,064,958	9,433,891	(3,375)		22,440		5,611,662	340
9,784,244	9,016,076	(242,054)		34,298		773,276	202,648
148,079,768	145,490,940	(1,129,635)		3,230,099		305,104	183,260
36,371,088	37,120,398	(1,421,386)		232,534		20,488	419,054
15,116,372	13,315,514	(89,058)		1,246,480		563,984	79,452
13,118,625	12,634,944			116,213		367,468	
1,837,954	1,297,962				246,193	124,918	168,881
<u>\$ 345,984,286</u>	<u>\$ 320,805,032</u>	<u>\$ (5,985,998)</u>	<u>\$ 2,519,107</u>	<u>\$ 7,942,036</u>	<u>\$ 294,032</u>	<u>\$ 19,040,500</u>	<u>\$ 1,369,577</u>

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1997

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA * Program Number	Award Period
<u>U.S. Department of Agriculture</u>			
Food and Consumer Service			
State Administrative Matching Grants for Food Stamp Program	(a)	10.561	10/01/96-09/30/97
Total U.S. Department of Agriculture			
<u>U.S. Department of Justice</u>			
Bureau of Justice Statistics:			
Criminal Justice Statistics Development	95-RU-RX-K044	16.550	09/01/95-09/30/99
Bureau of Justice Assistance:			
Drug Control and System Improvement - Formula Grant (b)	70014-10K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70038-8K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70044-8K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70052-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70064-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70077-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70103-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70115-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70127-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70145-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70163-7K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70185-7K95	16.579 **	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70185-8K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70220-3K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70238-6K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70272-6K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70287-5K94	16.579 **	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70287-6K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70358-6K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant - Criminal Justice Records Improvement	70418-3K94	16.579 **	03/01/95-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70439-5K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70444-5K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70525-4K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70640-3K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant (b)	70678-2K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant	70683-1K96	16.579 **	10/01/96-09/30/97
Drug Control and System Improvement - Formula Grant - Criminal Justice Records Improvement	71138-1K95	16.579 **	07/01/95-09/30/97
Total Drug Control and System Improvement - Formula Grant			

This schedule continued on next page.

Amount of Award	Amounts Expended and Distributed			Total
	Directly Expended by Department	Distributed to Subrecipients - State Entities	Distributed to Subrecipients - Non-State Entities	
\$ 100,020	\$ 100,020	\$	\$	\$ 100,020
	\$ 100,020	\$ 0	\$ 0	\$ 100,020
\$ 4,390,874	\$ 66,707	\$	\$ 145,701	\$ 212,408
\$ 450,000	\$ 245,136	\$	\$ 176,035	\$ 421,171
\$ 95,996	63,672			63,672
\$ 58,153	56,047			56,047
\$ 105,813	96,760			96,760
\$ 119,065	115,408			115,408
\$ 162,541	153,492			153,492
\$ 89,056	15,632		69,047	84,679
\$ 209,360	170,155			170,155
\$ 350,000	96,932		243,823	340,755
\$ 52,388	49,702			49,702
\$ 103,391	99,434			99,434
\$ 279,000	4,271			4,271
\$ 323,111	297,855			297,855
\$ 44,497	34,023			34,023
\$ 50,750	37,966			37,966
\$ 110,740	95,587			95,587
\$ 740,743	4,632			4,632
\$ 841,604	698,891			698,891
\$ 302,672	44,103		198,370	242,473
\$ 75,000	25,634			25,634
\$ 190,776	92,615		92,630	185,245
\$ 230,063	217,829			217,829
\$ 382,917	333,098			333,098
\$ 33,332	33,332			33,332
\$ 130,174	103,659		12,622	116,281
\$ 63,458	55,532			55,532
\$ 600,000				0
	\$ 3,241,397	\$ 0	\$ 792,527	\$ 4,033,924

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1997

Continued

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA * Program Number	Award Period
Public Safety Partnership and Community Policing Grants	95CLWX-0001	16.710	10/01/96-09/30/97
Other Federal Financial Assistance:			
Equitable Sharing of Federally Forfeited Property	(a)	(c)	10/01/96-09/30/97
Federal Bureau of Investigations:			
Violent Crimes Task Force	(a)	(c)	10/01/96-09/30/97
COMET Federal Task Force	GL-MIE-183	(c)	12/01/96-11/30/97
CHIEF Task Force	GL-MIE-186	(c)	10/01/96-09/30/97
Federal Fugitive Overtime Reimbursement	(a)	(c)	10/01/96-09/30/97
HEMP	96-31	(c)	01/01/96-12/31/96
HEMP	97-55	(c)	01/01/97-12/31/97
Operation Reciprocity	GL-MIW-040	(c)	04/01/97-09/30/97
HIDTA	I7PSMP503	(c)	09/01/97-08/31/98
HIDTA	I7PSMP502	(c)	09/01/97-08/31/98
Total U.S. Department of Justice			
<u>U.S. Department of Transportation</u>			
Motor Carrier Safety Assistance Program	MC-97-26-001	20.218 **	10/01/96-12/31/97
Motor Carrier Safety Assistance Program	MC-96-26-222	20.218 **	08/01/96-12/31/97
Motor Carrier Safety Assistance Program	MC-95-26-555	20.218 **	04/28/95-09/30/97
Motor Carrier Safety Assistance Program	MC-95-26-888	20.218 **	10/01/94-09/30/97
Motor Carrier Safety Assistance Program	MC-97-26-551	20.218 **	08/01/97-09/30/99
Total Motor Carrier Safety Assistance Program			
State and Community Highway Safety	N/A	20.600 **	10/01/96-09/30/97
State and Community Highway Safety	DTNH22-92-Y-07029	20.600 **	01/01/92-12/31/01
State and Community Highway Safety	DTNH22-96-G-05248	20.600 **	10/01/96-09/30/97
Total State and Community Highway Safety			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	N/A	20.601	10/01/96-09/30/97
State and Community Highway Safety	N/A	20.603	10/01/96-09/30/97
Interagency Hazardous Materials Public Sector Training and Planning Grants - Transportation Training FY 94-95	HMEMI4018021	20.703	07/01/94-09/30/95
Interagency Hazardous Materials Public Sector Training and Planning Grants - Transportation Training FY 96-97	HMEMI6018040	20.703	09/30/96-09/30/97

This schedule continued on next page.

Amount of Award	Amounts Expended and Distributed			
	Directly Expended by Department	Distributed to Subrecipients - State Entities	Distributed to Subrecipients - Non-State Entities	Total
\$ 198,290	\$ 198,290	\$	\$	\$ 198,290
\$ 1,347,818	\$ 958,433	\$	\$	\$ 958,433
\$ 29,890	\$ 29,890	\$	\$	\$ 29,890
\$ 16,000	\$ 16,000	\$	\$	\$ 16,000
\$ 12,500	\$ 12,500	\$	\$	\$ 12,500
\$ 15,095	\$ 15,095	\$	\$	\$ 15,095
\$ 180,000	\$ 50,693	\$	\$	\$ 50,693
\$ 190,000	\$ 139,344	\$	\$	\$ 139,344
\$ 260,000	\$ 16,516	\$	\$	\$ 16,516
\$ 10,000				
\$ 925,667				
	\$ 4,744,865	\$ 0	\$ 938,228	\$ 5,683,093
\$ 2,277,615	\$ 1,729,070	\$ 57,796	\$	\$ 1,786,866
\$ 68,000	35,375			35,375
\$ 66,500	34,745			34,745
\$ 53,834	23,983			23,983
\$ 543,092	12,989			12,989
	\$ 1,836,162	\$ 57,796	\$ 0	\$ 1,893,958
\$ 6,424,953	\$ 1,851,607	\$ 283,791	\$ 2,869,265	\$ 5,004,663
\$ 1,212,503	115,059			115,059
\$ 225,000	112,498		98,714	211,212
	\$ 2,079,164	\$ 283,791	\$ 2,967,979	\$ 5,330,934
\$ 1,489,000	\$ 161,174	\$ 304,633	\$ 333,123	\$ 798,930
\$ 105,835	\$	\$	\$ 105,835	\$ 105,835
\$ 50,962	\$	\$	\$ (4,000)	\$ (4,000)
\$ 55,239	3,093		52,146	55,239

MICHIGAN DEPARTMENT OF STATE POLICE
 Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1997
Continued

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA * Program Number	Award Period
Interagency Hazardous Materials Public Sector Training and Planning Grants - Emergency Preparedness Training	HMEMI6018040	20.703	09/30/96-09/30/97
Total Interagency Hazardous Materials Public Sector Training and Planning Grants			
Total U.S. Department of Transportation			
<u>U.S. Environmental Protection Agency</u>			
Superfund Innovative Technology Evaluation Program	CX823772-01-0	66.807	10/14/94-10/14/96
Total U.S. Environmental Protection Agency			
<u>Federal Emergency Management Agency</u>			
National Fire Academy Training Assistance	EMW-95-4858	83.009	09/25/95-03/31/98
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	EMC-96-PA-1325	83.011	10/01/95-12/31/96
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	EMC-97-PA-1331	83.011	10/01/96-12/31/97
Total Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986			
Community Assistance Program - State Support Services Element	EMC-97-PA-1331	83.105	10/01/96-09/30/97
Civil Defense - State and Local Emergency Management Assistance	EMC-95-K-1315	83.503	10/01/94-09/30/95
State Disaster Preparedness Grants	EMC-97-PA-1331	83.505	10/01/96-09/30/97
Disaster Assistance	FEMA-1028-DR	83.516	** 05/11/94-11/11/95
Disaster Assistance	FEMA-1128-DR	83.516	** 06/96-01/21/98
Disaster Assistance	FEMA-1181-DR	83.516	** 07/11/97-01/11/99
Disaster Assistance	FEMA-1028-DR	83.516	** 05/11/94-11/11/95
Disaster Assistance	FEMA-1128-DR	83.516	** 06/96-01/21/98
Total Disaster Assistance			
Facilities and Equipment	EMC-94-K-1309	83.532	10/01/93-09/30/94
Emergency Management - State and Local Assistance	EMC-96-PA-1325	83.534	** 10/01/95-09/30/96
Emergency Management - State and Local Assistance	EMC-97-PA-1331	83.534	** 10/01/96-09/30/97
Emergency Management - State and Local Assistance	EMC-96-PA-1325	83.534	** 10/01/95-09/30/96
Emergency Management - State and Local Assistance	EMC-97-PA-1331	83.534	** 10/01/96-12/31/97
Total Emergency Management - State and Local Assistance			

This schedule continued on next page.

Amount of Award	Amounts Expended and Distributed			
	Directly Expended by Department	Distributed to Subrecipients - State Entities	Distributed to Subrecipients - Non-State Entities	Total
\$ 113,837	\$ 107,818	\$	\$	\$ 107,818
	\$ 110,911	\$ 0	\$ 48,146	\$ 159,057
	\$ 4,187,411	\$ 646,220	\$ 3,455,083	\$ 8,288,714
\$ 100,759	\$	\$	\$ (1,069)	\$ (1,069)
	\$ 0	\$ 0	\$ (1,069)	\$ (1,069)
\$ 239,989	\$ 148,051	\$	\$	\$ 148,051
\$ 166,000	\$ 26,802	\$	\$	\$ 26,802
\$ 163,223	128,931			128,931
	\$ 155,733	\$ 0	\$ 0	\$ 155,733
\$ 164,021	\$	\$ 164,021	\$	\$ 164,021
\$ 2,291,452	\$	\$	\$ (15,385)	\$ (15,385)
\$ 46,722	\$ 46,722	\$	\$	\$ 46,722
\$ 5,159,148	\$ (2,628)	\$	\$ 515,531	\$ 512,903
\$ 3,770,345	8,586		376,149	384,735
\$ 16,548,771	8,396,731		4,597,090	12,993,821
\$ 821,902			96,963	96,963
\$ 869,619	12,315		187,034	199,349
	\$ 8,415,004	\$ 0	\$ 5,772,767	\$ 14,187,771
\$ 39,141	\$	\$	\$ (2,201)	\$ (2,201)
\$ 2,453,857	\$ 13,817	\$	\$ (14,581)	\$ (764)
\$ 2,361,192	817,000		1,544,744	2,361,744
\$ 735,478	394			394
\$ 787,924	787,530			787,530
	\$ 1,618,741	\$ 0	\$ 1,530,163	\$ 3,148,904

MICHIGAN DEPARTMENT OF STATE POLICE
 Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1997
 Continued

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA * Program Number	Award Period
Flood Mitigation Assistance Program	EMC-97-PA-1331	83.536	10/01/96-09/30/98
Flood Mitigation Assistance Program	EMC-97-PA-1331	83.536	10/01/96-09/30/98
Total Flood Mitigation Assistance Program			
National Arson Prevention Initiative	EMC-97-PA-1331	83.546	10/01/96-09/30/98
First Responder Anti-Terrorism Training	EMC-97-PA-1331	83.547	10/01/96-09/30/98
Other Federal Financial Assistance:			
Anti-Terrorism Training	EMC-97-PA-1331	N/A	10/01/96-12/31/97
Anti-Terrorism Training	EMC-97-PA-1331	N/A	10/01/96-12/31/97
Total Anti-Terrorism Training			
Comprehensive Environmental Response, Compensation, and Liability Act	EMC-97-PA-1331	N/A	10/01/96-12/31/97
State Hazard Mitigation Program	EMC-97-PA-1331	N/A	10/01/97-03/31/98
Arson Prevention Training	EMC-96-PA-1325	N/A	10/01/95-09/30/97

Total Federal Emergency Management Agency

U.S. Department of Health and Human Services

State Survey and Certification of Health Care Providers and Suppliers (d)	(e)	93.777	10/01/96-09/30/97
Medicaid Assistance Program (f)	(e)	93.778	10/01/96-09/30/97
Medicaid Assistance Program (f)	(e)	93.778	10/01/96-09/30/97
Total Medicaid Assistance Program			

Total U.S. Department of Health and Human Services

Total Federal Assistance

* CFDA is defined as *Catalog of Federal Domestic Assistance*.

** Major program, as defined by the Single Audit Act.

- (a) Reimbursement agreement (no contract number).
- (b) Pass-through award from the Department of Community Health.
- (c) Reimbursement agreement (no CFDA number).
- (d) Pass-through award from the Department of Consumer and Industry Services.
- (e) Inspection contract (no contract number).
- (f) Pass-through award from the Family Independence Agency.

N/A = Not applicable.

Amount of Award	Amounts Expended and Distributed			
	Directly Expended by Department	Distributed to Subrecipients - State Entities	Distributed to Subrecipients - Non-State Entities	Total
\$ 81,990	\$	\$	\$	\$
\$ 93,110				
	\$ 0	\$ 0	\$ 0	\$ 0
\$ 12,000				
\$ 50,000				
\$ 27,551	\$ 12,110	\$	\$	\$ 12,110
\$ 28,115	23,820			23,820
	\$ 35,930	\$ 0	\$ 0	\$ 35,930
\$ 13,374	\$ 5,430	\$	\$	\$ 5,430
\$ 53,570	\$ 14,754	\$	\$	\$ 14,754
\$ 12,000	\$ 12,000	\$	\$	\$ 12,000
	\$ 10,452,365	\$ 164,021	\$ 7,285,344	\$ 17,901,730
\$ 385,208	\$ 385,208	\$	\$	\$ 385,208
\$ 212,505	\$ 212,505	\$	\$	\$ 212,505
\$ 431,860	431,860			431,860
	\$ 644,365	\$ 0	\$ 0	\$ 644,365
	\$ 1,029,573	\$ 0	\$ 0	\$ 1,029,573
	<u>\$ 20,514,234</u>	<u>\$ 810,241</u>	<u>\$ 11,677,586</u>	<u>\$ 33,002,061</u>

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1996

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA Program Number	*	Award Period
<u>U.S. Department of Agriculture</u>				
Food and Consumer Service				
State Administrative Matching Grants for Food Stamp Program	(a)	10.561		10/01/95-09/30/96
Total U.S. Department of Agriculture				
<u>U.S. Department of Justice</u>				
Federal Bureau of Investigations:				
Violent Crimes Task Force	(a)	(c)		10/01/95-09/30/96
CHIEF Task Force	GL-MIE-183	(c)		10/01/95-09/30/96
Federal Fugitive Overtime Reimbursement	(a)	(c)		10/01/95-09/30/96
HEMP	95-31	(c)		01/01/95-12/31/95
HEMP	96.31	(c)		01/01/96-12/31/96
Bureau of Justice Statistics:				
Criminal Justice Statistics Development	95-RU-RX-K044	16.550		09/01/95-08/31/97
Bureau of Justice Assistance:				
Drug Control and System Improvement - Formula Grant (b)	70014-9K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70038-7K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70038-6K94	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant	70044-7K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70052-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70064-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70077-5K94	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant	70077-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70103-5K94	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant (b)	70103-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70115-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70127-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70145-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70163-6K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70185-6K92	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant (b)	70185-7K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70220-5K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70238-5K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70272-5K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70287-4K93	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant (b)	70287-5K94	16.579	**	10/01/95-09/30/96

This schedule continued on next page.

Amount of Award	Amounts Transferred and Expended			Total
	Transferred to Other State Agencies	Directly Expended by Department	Distributed to Subrecipients	
\$ 320,508	\$	\$ 320,508	\$	\$ 320,508
	\$ 0	\$ 320,508	\$ 0	\$ 320,508
\$ 21,639	\$	\$ 21,639	\$	\$ 21,639
\$ 15,976	\$	\$ 15,976	\$	\$ 15,976
\$ 17,159	\$	\$ 17,159	\$	\$ 17,159
\$ 150,000	\$	\$ 7,445	\$	\$ 7,445
\$ 180,000	\$	\$ 129,307	\$	\$ 129,307
\$ 1,124,874	\$	\$ 46,786	\$	\$ 46,786
\$ 462,606	\$	\$ 229,435	\$ 205,381	\$ 434,816
\$ 88,895		77,290		77,290
\$ 75,673				
\$ 55,980		39,403		39,403
\$ 105,097		99,272		99,272
\$ 116,141		108,674		108,674
\$ 146,481		42		42
\$ 160,666		155,732		155,732
\$ 85,621				
\$ 89,056		19,511	67,838	87,349
\$ 187,743		148,029		148,029
\$ 365,905		92,412	258,512	350,924
\$ 48,580		45,627		45,627
\$ 104,459		94,862		94,862
\$ 267,282		16,797		16,797
\$ 279,000		249,692		249,692
\$ 41,839		41,589		41,589
\$ 47,066		42,783		42,783
\$ 100,771		98,318		98,318
\$ 782,987		7,848		7,848
\$ 740,743		673,731		673,731

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1996
Continued

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA Program Number	*	Award Period
Drug Control and System Improvement - Formula Grant (b)	70358-5K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant - Criminal Justice Records Improvement	70418-3K94	16.579	**	03/01/95-06/30/97
Drug Control and System Improvement - Formula Grant (b)	70439-4K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70444-4K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70445-3K94	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant (b)	70525-2K94	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	70640-4K94	16.579	**	10/01/94-09/30/95
Drug Control and System Improvement - Formula Grant	70640-2K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant (b)	70678-1K95	16.579	**	10/01/95-09/30/96
Drug Control and System Improvement - Formula Grant	71138-1K95	16.579	**	07/01/95-03/31/97
Total Drug Control and System Improvement - Formula Grant				
Public Safety Partnership and Community Policing Grants	95CLWX-0001	16.710		10/01/95-09/30/96
Other Federal Financial Assistance:				
Equitable Sharing of Federally Forfeited Property	(a)	(c)		10/01/95-09/30/96
Total U.S. Department of Justice				
<u>U.S. Department of Transportation</u>				
Motor Carrier Safety	TIFA - 90(1)	20.217		10/01/95-09/30/96
Motor Carrier Safety Assistance Program	MC-96-26-001	20.218	**	10/01/95-09/30/96
Motor Carrier Safety Assistance Program	MC-96-26-555	20.218	**	05/16/96-09/30/96
Motor Carrier Safety Assistance Program	MC-94-26-555	20.218	**	07/01/94-09/30/96
Motor Carrier Safety Assistance Program	MC-95-26-333	20.218	**	10/01/94-09/30/96
Motor Carrier Safety Assistance Program	MC-95-26-555	20.218	**	04/28/95-09/30/97
Motor Carrier Safety Assistance Program	MC-95-26-888	20.218	**	10/01/94-09/30/97
Total Motor Carrier Safety Assistance Program				
State and Community Highway Safety	N/A	20.600	**	10/01/95-09/30/96
State and Community Highway Safety	DTNH22-92-Y-07029	20.600	**	01/01/92-12/31/96
Total State and Community Highway Safety				
State and Community Highway Safety	N/A	20.603		10/01/95-09/30/96

This schedule continued on next page.

Amount of Award	Amounts Transferred and Expended			Total
	Transferred to Other State Agencies	Directly Expended by Department	Distributed to Subrecipients	
\$ 302,672	\$	\$ 46,554	\$ 216,181	\$ 262,735
\$ 75,000		30,509		30,509
\$ 187,372		87,147	100,225	187,372
\$ 224,568		203,508		203,508
\$ 287,041		4,534		4,534
\$ 418,638		417,380		417,380
\$ 33,332				
\$ 33,332		30,234		30,234
\$ 85,006		55,022	18,296	73,318
\$ 600,000				0
	<u>\$ 0</u>	<u>\$ 3,115,935</u>	<u>\$ 866,433</u>	<u>\$ 3,982,368</u>
\$ 198,200	\$	\$ 164,018	\$	\$ 164,018
\$ 940,872	\$	\$ 211,111	\$	\$ 211,111
	<u>\$ 0</u>	<u>\$ 3,729,376</u>	<u>\$ 866,433</u>	<u>\$ 4,595,809</u>
\$ 296,500	\$	\$	\$ 296,500	\$ 296,500
\$ 2,453,374	\$ 81,183	\$ 2,372,191	\$	\$ 2,453,374
\$ 10,000	10,000			10,000
\$ 38,900		35,517		35,517
\$ 25,520		2,525		2,525
\$ 66,500		2,225		2,225
\$ 53,834		6,908		6,908
	<u>\$ 91,183</u>	<u>\$ 2,419,366</u>	<u>\$ 0</u>	<u>\$ 2,510,549</u>
\$ 5,586,818	\$ 231,262	\$ 1,518,083	\$ 2,151,298	\$ 3,900,643
\$ 562,523		110,666		110,666
	<u>\$ 231,262</u>	<u>\$ 1,628,749</u>	<u>\$ 2,151,298</u>	<u>\$ 4,011,309</u>
\$ 380,812	\$	\$	\$ 275,970	\$ 275,970

MICHIGAN DEPARTMENT OF STATE POLICE
Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1996
Continued

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA Program Number	*	Award Period
Interagency Hazardous Materials Public Sector Training and Planning Grants - Transportation Planning FY 95-96	HMEMI5018030	20.703		09/30/95-09/30/96
Interagency Hazardous Materials Public Sector Training and Planning Grants - Transportation Training FY 95-96	HMEMI5018030	20.703		09/30/95-09/30/96
Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	20.703		10/01/95-09/30/96
Total Interagency Hazardous Materials Public Sector Training and Planning Grant				
Total U.S. Department of Transportation				
<u>U.S. Environmental Protection Agency</u>				
Superfund Innovative Technology Evaluation Program	CX822122-01-3	66.807		10/01/93-09/30/96
Superfund Innovative Technology Evaluation Program	CX823772-01-0	66.807		10/15/94-10/14/96
Total Superfund Innovative Technology Evaluation Program				
Total U.S. Environmental Protection Agency				
<u>Federal Emergency Management Agency</u>				
National Fire Academy Training Assistance	EMW-95-4858	83.009		09/25/95-09/24/96
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	EMC-96-PA-1325	83.011		10/01/95-12/31/96
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	N/A	83.011		10/01/95-09/30/96
Total Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986				
Community Assistance Program - State Support Services Element	EMC-96-PA-1325	83.105		10/01/95-09/30/96
Civil Defense - State and Local Emergency Management Assistance	EMC-95-K-1315	83.503		10/01/94-09/30/95
State Disaster Preparedness Grants	EMC-96-PA-1325	83.505		10/01/95-12/31/96
Disaster Assistance	FEMA-1028-DR	83.516	**	05/11/94-11/11/95
Disaster Assistance	FEMA-1128-DR	83.516	**	06/96-01/21/98
Total Disaster Assistance				

This schedule continued on next page.

Amount of Award	Amounts Transferred and Expended			Total
	Transferred to Other State Agencies	Directly Expended by Department	Distributed to Subrecipients	
\$ 45,652	\$	\$ 2,458	\$ 43,194	\$ 45,652
\$ 94,080		94,080		94,080
\$ 22,000		22,000		22,000
	\$ 0	\$ 118,538	\$ 43,194	\$ 161,732
	\$ 322,445	\$ 4,166,653	\$ 2,766,962	\$ 7,256,060
\$ 51,000	\$	\$	\$ 15,429	\$ 15,429
\$ 100,759			56,828	56,828
	\$ 0	\$ 0	\$ 72,257	\$ 72,257
	\$ 0	\$ 0	\$ 72,257	\$ 72,257
\$ 187,848	\$	\$ 44,898	\$	\$ 44,898
\$ 166,000	\$	\$ 139,198	\$	\$ 139,198
\$ 20,000		12,900		12,900
	\$ 0	\$ 152,098	\$ 0	\$ 152,098
\$ 162,020	\$ 162,020	\$	\$	\$ 162,020
\$ 2,291,452	\$	\$ 671	\$	\$ 671
\$ 43,032	\$	\$ 43,032	\$	\$ 43,032
\$ 7,228,017	\$	\$ 383	\$ 302,926	\$ 303,309
\$ 4,742,336	189,955	23,294	2,756,429	2,969,678
	\$ 189,955	\$ 23,677	\$ 3,059,355	\$ 3,272,987

MICHIGAN DEPARTMENT OF STATE POLICE
 Schedule of Federal Financial Assistance
Fiscal Year Ended September 30, 1996
Continued

Grantor Agency/ Federal Assistance Program Title	Grant/ Contract Number	CFDA Program Number	*	Award Period
Emergency Management Institute - Field Training Program	EMC-95-K-1315	83.528		10/01/94-09/30/96
Emergency Management Institute - Field Training Program	EMC-95-K-1315	83.528		10/01/94-09/30/95
Total Emergency Management Institute - Field Training Program				
State and Local Emergency Management Assistance - Other Assistance	EMC-95-K-1315	83.531		10/01/94-09/30/95
Emergency Management - State and Local Assistance	EMC-96-PA-1325	83.534	**	10/01/95-09/30/96
Emergency Management - State and Local Assistance	EMC-96-PA-1325	83.534	**	10/01/95-09/30/96
Total Emergency Management - State and Local Assistance				
Other Federal Financial Assistance:				
Arson Prevention Training	EMC-96-PA-1325	N/A		10/01/95-09/30/97

Total Federal Emergency Management Agency

U.S. Department of Health and Human Services

State Survey and Certification of Health Care Providers and Suppliers (d)	(e)	93.777		10/01/95-09/30/96
Medicaid Assistance Program (f)	(e)	93.778		10/01/95-09/30/96
Medicaid Assistance Program (f)	(e)	93.778		10/01/95-09/30/96
Total Medicaid Assistance Program				

Total U.S. Department of Health and Human Services

Total Federal Assistance

* CFDA is defined as *Catalog of Federal Domestic Assistance*.

** Major program, as defined by the Single Audit Act.

- (a) Reimbursement agreement (no contract number).
- (b) Pass-through award from the Department of Community Health.
- (c) Reimbursement agreement (no CFDA number).
- (d) Pass-through award from the Department of Consumer and Industry Services.
- (e) Inspection contract (no contract number).
- (f) Pass-through award from the Family Independence Agency.

N/A = Not applicable.

Amount of Award	Amounts Transferred and Expended			Total
	Transferred to Other State Agencies	Directly Expended by Department	Distributed to Subrecipients	
\$ 28,500	\$	\$ 28,500	\$	\$ 28,500
\$ 156,000		6,139		6,139
	\$ 0	\$ 34,639	\$ 0	\$ 34,639
\$ 578,302	\$	\$ 144	\$	\$ 144
\$ 2,453,857	\$	\$ 809,384	\$ 1,642,072	\$ 2,451,456
\$ 735,478		730,222		730,222
	\$ 0	\$ 1,539,606	\$ 1,642,072	\$ 3,181,678
\$ 12,000				
	\$ 351,975	\$ 1,838,765	\$ 4,701,427	\$ 6,892,167
\$ 340,353	\$	\$ 340,353	\$	\$ 340,353
\$ 195,985	\$	\$ 195,985	\$	\$ 195,985
\$ 520,775		520,775		520,775
	\$ 0	\$ 716,760	\$ 0	\$ 716,760
	\$ 0	\$ 1,057,113	\$ 0	\$ 1,057,113
	<u>\$ 674,420</u>	<u>\$ 11,112,415</u>	<u>\$ 8,407,079</u>	<u>\$ 20,193,914</u>

SUPPLEMENTAL INFORMATION

MICHIGAN DEPARTMENT OF STATE POLICE
 Schedule of Questioned Costs
 Fiscal Years Ended September 30, 1997 and 1996

Program or Grant/ Contract Number	Finding	Questioned Costs
<u>Department of Justice</u>		
Criminal Justice Statistics Development CFDA # 16.550 Grant # 95-RU-RX-K044 Fiscal Year 1996-97	MSP did not provide the required federal match for one expenditure transaction reviewed.	\$ 5,716
<u>Department of Transportation</u>		
State and Community Highway Safety CFDA # 20.600 Fiscal Year 1996-97	MSP made an overpayment to one of its subgrantees.	7
<u>Department of Health and Human Services</u>		
Medicaid Assistance Program CFDA # 93.778 Interdepartmental Grant Inspection Contract Fiscal Year 1996-97	Encumbrances were improperly included as expenditures for final draw-down of federal funds.	32,811
Total Questioned Costs		<u>\$ 38,534</u>

Schedule of Immaterial Noncompliance
Fiscal Years Ended September 30, 1997 and 1996

<u>Finding/Noncompliance</u>	
<u>U.S. Department of Justice</u> Drug Control and System Improvement - Formula Grant CFDA # 16.579	The grant contracts require monthly expenditure reporting within 15 days. For 3 of the 20 sample items tested, subgrantees submitted monthly reports to MSP from 3 weeks to 4 weeks late. Also, the grant contract requires final expenditure reporting within 60 days. In 3 of the 20 sample items tested, MSP submitted final expenditure reports from 2 weeks to 14 weeks after their due date.
<u>U.S. Department of Transportation</u> State and Community Highway Safety CFDA # 20.600	Subgrantees did not submit required progress reports on time for two of our sample transactions. One report was one month late, and one report was three months late.
Interagency Hazardous Materials Public Sector Training and Planning Grants Fiscal Year 1995-96 CFDA # 20.703 Grant # HMEM15018030	One expenditure transaction lacked documented approvals.
<u>U.S. Department of Health and Human Services</u> State Survey and Certification of Health Care Providers and Suppliers and Medicaid Assistance Program CFDA # 93.777 and 93.778 Interdepartment Grant Inspection Contract	a) Insufficient documentation was retained by MSP to determine that required inspections were conducted after a fire at a Medicare/Medicaid eligible facility. b) One of 4 quarterly billings tested was submitted 27 days late. c) One of 6 inspections tested did not include a corrective action plan.

CFDA is defined as *Catalog of Federal Domestic Assistance*.

Note: This schedule reports instances of immaterial noncompliance with laws and regulations which have no associated questioned costs and are not included in the body of our report. All instances of noncompliance that have an associated questioned cost are presented on the schedule of questioned costs.

Glossary of Acronyms and Terms

Advanced Purchasing and Inventory Control System (ADPICS)	The purchasing system used by the State, within MAIN.
cash receipts	Currency, checks, and warrants.
<i>CFDA</i>	<i>Catalog of Federal Domestic Assistance.</i>
DMB	Department of Management and Budget.
Financial Administration and Control System (FACS)	The financial management component of MAIN.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules of an audited entity are fairly presented in conformity with generally accepted accounting principles.
internal control structure	The management control environment, accounting system, and control policies and procedures established by management to provide reasonable assurance that resources are safeguarded; that resources are used in compliance with laws and regulations; and that financial transactions are properly accounted for and reported.
MAIN	Michigan Administrative Information Network.

material weakness	A serious reportable condition in which the design or operation of one or more of the internal control structure elements (including management controls) does not reduce to a relatively low level the risk that errors or irregularities, in amounts that would be material in relation to the financial schedules, would not be prevented or detected.
mission	The agency's main purpose or the reason the agency was established.
MSP	Michigan Department of State Police.
OMB	federal Office of Management and Budget.
questioned costs	Costs tentatively identified as unallowable, undocumented, unapproved, or unreasonable. These costs are subject to disallowance by the federal government.
reportable condition	A matter coming to the auditor's attention that, in his/her judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in the design or operation of the internal control structure.
Single Audit	A financial audit performed in accordance with the Single Audit Act of 1984 that is designed to meet the needs of all federal grantor agencies and other financial report users. A Single Audit is a financial audit which requires additional study and evaluation of the internal control structure and testing of compliance with laws and regulations relevant to federal assistance programs.
SOMCAFR	<i>State of Michigan Comprehensive Annual Financial Report.</i>

subrecipient	A nonfederal entity that receives federal awards through another nonfederal entity to carry out a federal program. (Definition does not include an individual who receives financial assistance through such awards.)
user class	Defines a user's ability to access MAIN system applications and enter various types of transactions.