



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

Including the Provisions of the Single Audit Act

Report Number:
641-0425-11

Land Bank Fast Track Authority

(A Discretely Presented Component Unit of the State of Michigan)

October 1, 2008 through September 30, 2010

Released:
June 2011

A single audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on the Land Bank Fast Track Authority's basic financial statements.

~ ~ ~ ~ ~

Internal Control Over Financial Reporting

We identified a material weakness in internal control over financial reporting (Finding 1). We also identified a significant deficiency in internal control over financial reporting (Finding 2).

~ ~ ~ ~ ~

Noncompliance and Other Matters

Material to the Financial Statements

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

~ ~ ~ ~ ~

Federal Awards:

Auditor's Reports Issued on Compliance

We audited 2 programs as major programs (including 1 ARRA related program) and reported known questioned costs of \$36,372. The Land Bank Fast Track Authority expended a total of \$9.3 million in federal awards, including \$155,000 of ARRA funding, during the two-year period ended September 30, 2010. We issued 2 qualified opinions. The federal programs audited as major programs are identified on the back of this summary.

~ ~ ~ ~ ~

Internal Control Over Major Programs

We identified material weaknesses in internal control over federal program compliance (Findings 3 and 4). We also identified significant deficiencies in internal control over federal program compliance (Findings 3 and 4).

~ ~ ~ ~ ~

Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 3 and 4).

~ ~ ~ ~ ~

Internal Accounting and Administrative Control System:

Section 18.1489 of the *Michigan Compiled Laws* requires the Auditor General to evaluate the implementation of Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws* and report to the Legislature in the financial audit of each department. As a result of Executive Reorganization Order No. 2007-31 (Consolidating Internal Audit Functions), in which responsibility for most of the sections was moved to the Office of Internal Audit Services, Department of Management and Budget,

we have evaluated the implementation of only Section 18.1485 in this financial audit. Section 18.1485 requires each department director to establish an internal accounting and administrative control system, defines the elements of that system, defines the duties of the department director, and provides for certain reports. We determined that the Land Bank Fast Track Authority was in substantial compliance with Section 18.1485 of the *Michigan Compiled Laws*.

The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the *Michigan Compiled Laws*) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.

~ ~ ~ ~ ~

We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program or Cluster Title</u>	<u>Compliance Opinion</u>
14.228	<u>CDBG - State-Administered Small Cities Program Cluster:</u> <ul style="list-style-type: none"> Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii 	Qualified
14.256	ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	Qualified

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General