



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. McTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
551-0146-11

Emergency 9-1-1 Fund

*Michigan Department of State Police and
Department of Treasury*

Released:
February 2012

The Emergency 9-1-1 Fund provides for the ongoing costs of operating, maintaining, and upgrading Michigan's 9-1-1 system. Michigan's 9-1-1 system is funded by 9-1-1 service charges for communication devices that can access the system, such as local and cellular telephones. The service charges are collected by service suppliers from service users and remitted to the Emergency 9-1-1 Fund. The revenue collected in the Fund is primarily distributed to the counties' public safety answering points that dispatch public safety response services in response to 9-1-1 calls.

Audit Objective:

To assess the effectiveness of the Michigan Department of State Police (MSP) and the Department of Treasury's efforts in ensuring the collection of emergency 9-1-1 service charge revenue.

Audit Conclusion:

We concluded that MSP and the Department of Treasury's efforts were moderately effective in ensuring the collection of emergency 9-1-1 service charge revenue. We noted one material condition (Finding 1).

Material Condition:

MSP and the Department of Treasury should pursue amendatory legislation and other measures necessary to ensure that all service suppliers collect and remit all emergency 9-1-1 service charge revenue (Finding 1).

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Audit Objective:

To assess the effectiveness of MSP's efforts to establish the emergency 9-1-1 county service charge rate for prepaid service users.

Audit Conclusion:

We could not conclude on the effectiveness of MSP's efforts in establishing the emergency 9-1-1 county service charge rate for prepaid service users because the legislation is unclear. We noted one reportable condition (Finding 2).

Reportable Condition:

MSP should seek amendatory legislation or an Attorney General Opinion regarding the calculation of the county 9-1-1 charge rate for prepaid service users (Finding 2).

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Audit Objective:

To assess the effectiveness of MSP's efforts to monitor public safety answering point (PSAP) expenditures of the Emergency 9-1-1 Fund distributions.

Audit Conclusion:

We concluded that MSP's efforts were moderately effective in monitoring PSAP expenditures of the Emergency 9-1-1 Fund distributions. We noted one reportable condition (Finding 3).

Reportable Condition:

MSP did not ensure that county PSAP expenditures were audited. As a result, county PSAPs received \$23.9 million and \$24.5 million of Emergency 9-1-1 Fund revenue for fiscal years 2008-09 and 2009-10, respectively, without providing audit assurance that funds were expended exclusively for 9-1-1 services (Finding 3).

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Agency Responses:

Our audit report contains 3 findings and 3 corresponding recommendations. MSP's and the Department of Treasury's preliminary responses indicate that they agree with the recommendations.

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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>



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February 29, 2012

Sheriff Dale R. Gribler, Chair
Emergency 9-1-1 Service Committee
and
Colonel Kriste Etue, Director
Michigan Department of State Police
333 South Grand Avenue
Lansing, Michigan

Mr. Andy Dillon, State Treasurer
Richard H. Austin Building
Lansing, Michigan

Dear Sheriff Gribler, Colonel Etue, and Mr. Dillon:

This is our report on the performance audit of the Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury.

This report contains our report summary; description of fund; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; 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 agencies' responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agencies develop a plan to comply with the audit recommendations and submit it within 60 days after the release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

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

Sincerely,


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

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Description of Fund

The Emergency 9-1-1 Fund was created within the Department of Treasury in 1999 to provide funding to implement Act 32, P.A. 1986, as amended, known as the Emergency 9-1-1 Service Enabling Act (Sections 484.1101 - 484.1717 of the *Michigan Compiled Laws*), and to implement the Federal Communications Commission's (FCC's) wireless emergency service order. The wireless emergency service order provides for enhanced 9-1-1 service to identify the location and telephone number of a mobile telephone caller. All Michigan counties have been in compliance with the FCC's wireless emergency service order since May 2008. The Act was subsequently amended to provide for the ongoing costs of operating, maintaining, and upgrading Michigan's 9-1-1 system*.

Sections 484.1401a and 484.1401c of the *Michigan Compiled Laws* require 9-1-1 service charges to be collected by service suppliers* from service users* and remitted to the Emergency 9-1-1 Fund. Effective July 1, 2008, the Act replaced the monthly 9-1-1 service charge of \$0.29 on post-paid* cellular telephone subscribers with a \$0.19 monthly 9-1-1 service charge on all communication devices, including local telephones, post-paid and prepaid* cellular telephones, wireless communication, and interconnected Voice over Internet Protocol* (VoIP) devices. Also, Section 484.1401b of the *Michigan Compiled Laws* allows counties to assess a county 9-1-1 service charge collected by the service suppliers and paid directly to the counties, except for service users of prepaid cellular telephone services, whose weighted county 9-1-1 service charge is remitted to the Emergency 9-1-1 Fund.

Section 484.1408 of the *Michigan Compiled Laws* provides for the revenue collected in the Emergency 9-1-1 Fund to be distributed to local exchange providers* (LEPs) (7.75%), counties on an equal basis (40% of 82.5%), counties on a per capita basis (60% of 82.5%), public safety answering points* (PSAPs) (6.0%), the Michigan Department of State Police (MSP) for a regional dispatch center (1.88%), MSP for administration and the 9-1-1 coordinator (1.87%), and specified one-time uses as authorized in the Act.

In addition to establishing the Emergency 9-1-1 Fund within the Department of Treasury, the Act established the Emergency 9-1-1 Service Committee and the State

* See glossary at end of report for definition.

9-1-1 Office within MSP and designated responsibilities to the Michigan Public Service Commission.

The Emergency 9-1-1 Service Committee provides oversight and promotes development, implementation, operation, and funding of 9-1-1 systems in Michigan, including developing Statewide standards, determining county and PSAP eligibility for funding, notifying service suppliers of 9-1-1 service charges, recommending changes in the State 9-1-1 charge and distribution percentages, establishing the county 9-1-1 charge for prepaid service users, and collecting and reporting data to the Legislature. The State 9-1-1 Office provides coordination and oversight of training funds, completes compliance reviews, provides assistance to the Committee, and facilitates best practice standards. The Department of Treasury collects the 9-1-1 service charges, maintains the 9-1-1 database, and distributes the funds as required in Section 484.1408 of the *Michigan Compiled Laws*. The Michigan Public Service Commission sets the rates and distribution percentages for the State 9-1-1 charges, approves LEP invoices, settles disputes in contested cases, and approves county service charges exceeding specified rates.

Revenue collections from 9-1-1 service charges were \$27.2 million and \$27.7 million for fiscal years 2008-09 and 2009-10, respectively.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of the Emergency 9-1-1 Fund, Michigan Department of State Police (MSP) and Department of Treasury, had the following objectives:

1. To assess the effectiveness of MSP and the Department of Treasury's efforts in ensuring the collection of emergency 9-1-1 service charge revenue.
2. To assess the effectiveness of MSP's efforts to establish the emergency 9-1-1 county service charge rate for prepaid service users.
3. To assess the effectiveness of MSP's efforts to monitor public safety answering point (PSAP) expenditures of the Emergency 9-1-1 Fund distributions.

Audit Scope

Our audit scope was to examine the program and other records of the Emergency 9-1-1 Fund. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit procedures, conducted from July through October 2011, generally covered the period October 1, 2008 through September 30, 2010.

Audit Methodology

We conducted a preliminary review of the Emergency 9-1-1 Fund operations to formulate a basis for defining the audit objectives and scope. Our preliminary review included a review of the Emergency 9-1-1 Service Enabling Act (Act 32, P.A. 1986, as amended), discussions with MSP and Department of Treasury staff, calculations on expected service charge revenue, research on the communications industry and Federal Communications Commission (FCC) data, a review of MSP's compliance review documents, and a review of the methodology and calculations of the county service charge rate for prepaid services.

* See glossary at end of report for definition.

To assess the effectiveness of MSP and the Department of Treasury's efforts in ensuring the collection of emergency 9-1-1 service charge revenue, we calculated an expectation of 9-1-1 service charge revenue using monthly service charge rates established by MSP and the Michigan Public Service Commission and estimated numbers of communications service* users from FCC data. We compared our calculated expectation to actual 9-1-1 service charge revenue remitted by service suppliers. We met with MSP staff and discussed our calculations and the results of the comparison. We met with Department of Treasury staff and discussed their processes regarding collection of emergency 9-1-1 service charge revenue. Also, we researched other sources to support the reasonableness of the FCC data on communications service users. In addition, we compared MSP's database of service suppliers providing services in Michigan with the Department of Treasury's 9-1-1 database of service suppliers remitting service charge revenue.

To assess the effectiveness of MSP's efforts to establish the emergency 9-1-1 county service charge rate for prepaid service users, we reviewed the Act for the requirements applicable to the county service charge rate and interviewed MSP staff regarding the county service charge rate calculation. We recalculated the monthly county service charge rates for prepaid services for fiscal years 2008-09 and 2009-10 and compared them to the monthly county service charge rates established by MSP.

To assess the effectiveness of MSP's efforts to monitor PSAP expenditures of the Emergency 9-1-1 Fund distributions, we met with MSP staff and discussed their monitoring activities. We reviewed MSP's compliance review checklist and a selection of compliance review reports completed during the audit period. We reviewed MSP's monitoring of annual PSAP financial audits.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

* See glossary at end of report for definition.

Agency Responses

Our audit report contains 3 findings and 3 corresponding recommendations. MSP's and the Department of Treasury's preliminary responses indicate that they agree with the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agencies' written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require MSP and the Department of Treasury to develop a plan to comply with the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS OF EFFORTS TO ENSURE COLLECTION OF EMERGENCY 9-1-1 SERVICE CHARGE REVENUE

COMMENT

Audit Objective: To assess the effectiveness of the Michigan Department of State Police (MSP) and the Department of Treasury's efforts in ensuring the collection of emergency 9-1-1 service charge revenue.

Audit Conclusion: We concluded that MSP and the Department of Treasury's efforts were moderately effective in ensuring the collection of emergency 9-1-1 service charge revenue. Our review disclosed one material condition*. MSP and the Department of Treasury should pursue amendatory legislation and other measures necessary to ensure that all service suppliers collect and remit all emergency 9-1-1 service charge revenue (Finding 1).

FINDING

1. Service Charge Revenue

MSP and the Department of Treasury should pursue amendatory legislation and other measures necessary to ensure that all service suppliers collect and remit all emergency 9-1-1 service charge revenue. Additional legislation could enhance MSP and the Department of Treasury's abilities to collect additional emergency 9-1-1 service charge revenue.

The Emergency 9-1-1 Service Enabling Act (Act 32, P.A. 1986, as amended) created the Emergency 9-1-1 Fund within the Department of Treasury and requires service suppliers to collect monthly 9-1-1 service charges from service users and to remit the service charges to the State Treasurer for deposit into the Emergency 9-1-1 Fund; provides funding to MSP to administer the Act, maintain the State 9-1-1 Office, and provide staff assistance to the Emergency 9-1-1 Service Committee; and stipulates the Emergency 9-1-1 Service Committee responsibilities relating to development, implementation, operation, and funding of 9-1-1 systems in Michigan.

* See glossary at end of report for definition.

To determine whether the service charge revenue reported in the Emergency 9-1-1 Fund for fiscal years 2008-09 and 2009-10 was reasonable, we performed a detailed calculation to estimate the expected service charge revenue. This calculation was based on the number of service users for Michigan local telephones, cellular telephones, and interconnected Voice over Internet Protocol (VoIP) reported by the Federal Communications Commission (FCC) and the monthly service charge rates charged to prepaid and post-paid service users. The prepaid service user rate includes both the State and the county service charges that are required to be assessed and remitted to the State. However, county service charges for post-paid service users are remitted directly to the respective counties and, therefore, were not included in the calculation. Also, our calculation factored in data from the FCC that indicated that approximately 18% and 20% of total U.S. cellular telephone users were prepaid users in fiscal years 2008-09 and 2009-10, respectively, and MSP research that indicated that approximately 25% of post-paid users receive a multi-line discount.

Based on our estimated calculation, we determined that approximately \$4.7 million and \$7.3 million of emergency 9-1-1 service charge revenue may not have been remitted by service suppliers for fiscal years 2008-09 and 2009-10, respectively. We noted that the following may be contributing to the unremitted service charge revenue:

- a. A significant portion of the estimated difference may be attributable to unremitted service charge revenue on prepaid cellular telephone services. MSP indicated that it had concerns that not all service charge revenue on prepaid cellular telephone services sold through traditional retail outlets was being remitted. Also, our research noted that CTIA - The Wireless Association®* submitted comments in response to an FCC public notice that indicated that traditional retail outlets account for approximately 80% of the prepaid cellular telephone service, that other states have experienced the issue of undercollection of 9-1-1 service charge revenue for prepaid cellular telephone services, and that some states have addressed this issue through legislative changes to their funding mechanism, such as the seller collecting the prepaid fee at the point of sale.

* See glossary at end of report for definition.

- b. MSP's service supplier database identified 252 service suppliers providing services in Michigan; however, the Department of Treasury's emergency 9-1-1 database indicated that only 181 (72%) service suppliers were actually remitting service charge revenue. The Department of Treasury deposits the emergency 9-1-1 service charge revenue remitted by the service suppliers into the Emergency 9-1-1 Fund and maintains the reported data in its emergency 9-1-1 database. Also, MSP maintains a database of service suppliers, who may provide communications services in Michigan, to enable it to notify the service suppliers of the service charge and of the current rates. MSP informed us that it had compared its database to the Department of Treasury's database and identified service suppliers not remitting service charges; however, because of temporary staff shortages, MSP was not able to follow up with these service suppliers to determine if 9-1-1 service charge revenue was due or to pursue collection. Comparing the databases and following up with service suppliers who are not remitting service charge revenue could result in an increase in the total service charge revenue collected.

MSP and the Department of Treasury informed us that changes may be needed to legislation to assist them in their collection efforts. MSP and the Department of Treasury have drafted legislative changes; however, no formal legislative changes have been requested. Our public report does not disclose specific details about the needed changes in legislation because it may disclose sensitive information related to collection efforts. We have separately communicated the information to MSP and the Department of Treasury's management in accordance with generally accepted government auditing standards.

We noted similar conditions in a prior financial audit (271-0265-09). MSP and the Department of Treasury agreed with the prior audit recommendations and indicated that they would take steps to comply. In response to the recommendations, MSP annually surveyed the potential service suppliers to identify those providing services in Michigan, reviewed quarterly service charge revenue data from the Department of Treasury's emergency 9-1-1 database for reasonableness, researched several service suppliers to determine whether they had remitted the correct amount of service charge revenue, and compared its database of service suppliers to the Department of Treasury's emergency 9-1-1 database to identify potential service suppliers not remitting service charge revenue. However, MSP

and the Department of Treasury still need to pursue amendatory legislation and other measures necessary to ensure that all service suppliers collect and remit all emergency 9-1-1 service charge revenue.

RECOMMENDATION

We recommend that MSP and the Department of Treasury pursue amendatory legislation and other measures necessary to ensure that all service suppliers collect and remit all emergency 9-1-1 service charge revenue.

AGENCY PRELIMINARY RESPONSE

MSP and the Department of Treasury agree with the recommendation and will seek amendatory legislation related to the collection of 9-1-1 service charges from service suppliers. In addition, MSP indicated that it has already begun to work with the Emergency 9-1-1 Service Committee, in conjunction with the Attorney General's counsel to the Committee, to pursue collection through the Michigan Public Service Commission.

EFFECTIVENESS OF EFFORTS TO ESTABLISH COUNTY SERVICE CHARGE RATE FOR PREPAID SERVICE USERS

COMMENT

Background: In accordance with Section 484.1401a of the *Michigan Compiled Laws*, each post-paid service user is billed a State 9-1-1 charge. As of July 1, 2008, the State 9-1-1 charge was assessed at \$0.19 per month and has not been adjusted since that time. The State 9-1-1 charge assessed on post-paid service users is collected by the service supplier and remitted to the State Treasurer for deposit into the Emergency 9-1-1 Fund and distributed to the counties in accordance with Section 484.1408 of the *Michigan Compiled Laws*.

Also, within the limitations of Section 484.1401b of the *Michigan Compiled Laws*, a county may assess a county 9-1-1 charge on post-paid service users who reside within the county. The county 9-1-1 charge assessed on post-paid service users is collected by the service supplier and remitted directly to the respective county. Sixty-seven of the 83 counties assess a county charge on post-paid service users.

In addition, in accordance with Section 484.1401c of the *Michigan Compiled Laws*, each prepaid service user is required to pay an emergency 9-1-1 charge, incorporating both the State 9-1-1 charge amount determined in accordance with Section 484.1401a of the *Michigan Compiled Laws* and a county 9-1-1 charge amount determined in accordance with Section 484.1401c(3) of the *Michigan Compiled Laws*. These emergency 9-1-1 charges on prepaid service users are collected by the service supplier, remitted to the State Treasurer for deposit into the Emergency 9-1-1 Fund, and distributed to the counties in accordance with Section 484.1408 of the *Michigan Compiled Laws*.

Audit Objective: To assess the effectiveness of MSP's efforts to establish the emergency 9-1-1 county service charge rate for prepaid service users.

Audit Conclusion: We could not conclude on the effectiveness of MSP's efforts in establishing the emergency 9-1-1 county service charge rate for prepaid service users because the legislation is unclear. Our review disclosed one reportable condition* related to the prepaid county service charge calculation (Finding 2).

FINDING

2. Prepaid County Service Charge Calculation

MSP should seek amendatory legislation or an Attorney General Opinion regarding the calculation of the county 9-1-1 charge rate for prepaid service users. It is unclear whether the current methodology used to establish the prepaid county 9-1-1 charge is an accurate interpretation of the legislation. Therefore, clarification is necessary to ensure that the county 9-1-1 charge assessed to prepaid users is correctly calculated.

Section 484.1401c of the *Michigan Compiled Laws* requires each prepaid service user to pay an emergency 9-1-1 charge, incorporating both the State 9-1-1 charge amount determined in accordance with Section 484.1401a of the *Michigan Compiled Laws* and a county 9-1-1 charge amount determined in accordance with Section 484.1401c(3) of the *Michigan Compiled Laws*. Section 484.1401c(3) of the *Michigan Compiled Laws* requires that the Emergency 9-1-1 Service Committee annually establish the county 9-1-1 charge amount for prepaid service users and that the charge shall be based on the weighted average of all county 9-1-1 charges

* See glossary at end of report for definition.

imposed Statewide. Therefore, all prepaid service users are assessed the same county charge Statewide regardless of which county the services are purchased in, which county the service user resides in, or whether the county that the service user resides in assesses a county 9-1-1 charge on post-paid service users.

The legislation does not specify what criteria should be used to "weight" the county 9-1-1 charges imposed. Annually, the Department of Treasury calculated and the Committee established the prepaid service users' county 9-1-1 charge amount based on the post-paid service user charges of the 67 counties that assess a county 9-1-1 charge, weighted by the estimated number of post-paid service users in those counties. However, in its calculation, the Committee has not considered the number of post-paid service users who reside in counties that do not assess a county 9-1-1 charge. We determined that there were approximately 1.5 million and 1.8 million post-paid service users who resided in the 16 counties that did not assess a county 9-1-1 charge on post-paid service users for fiscal years 2008-09 and 2009-10, respectively. Including all post-paid service users in the methodology used to calculate the county 9-1-1 charge rate for prepaid service users decreases the rate because, although the amount collected stays the same, the number of users increases, thereby lowering the rate. The decreased rate would have resulted in approximately \$1.0 million and \$0.7 million less prepaid service charges paid by prepaid service users for fiscal years 2008-09 and 2009-10, respectively.

RECOMMENDATION

We recommend that MSP seek amendatory legislation or an Attorney General Opinion regarding the calculation of the county 9-1-1 charge rate for prepaid service users.

AGENCY PRELIMINARY RESPONSE

MSP agrees with the recommendation and will seek amendatory legislation or an Attorney General Opinion regarding the calculation of the county 9-1-1 charge rate for prepaid service users.

EFFECTIVENESS OF EFFORTS TO MONITOR PSAP EXPENDITURES

Audit Objective: To assess the effectiveness of MSP's efforts to monitor public safety answering point (PSAP) expenditures of the Emergency 9-1-1 Fund distributions.

Audit Conclusion: We concluded that MSP's efforts were moderately effective in monitoring PSAP expenditures of the Emergency 9-1-1 Fund distributions. Our review disclosed one reportable condition related to the PSAP audit requirement (Finding 3).

FINDING

3. PSAP Audit Requirement

MSP did not ensure that county PSAP expenditures were audited. As a result, county PSAPs received \$23.9 million and \$24.5 million of Emergency 9-1-1 Fund revenue for fiscal years 2008-09 and 2009-10, respectively, without providing audit assurance that funds were expended exclusively for 9-1-1 services.

Section 484.1408(4)(d) of the *Michigan Compiled Laws* (Act 32, P.A. 1986, as amended) provides funding to MSP to administer the Act and to maintain the State 9-1-1 Office. Also, Section 484.1406 of the *Michigan Compiled Laws* requires that funds collected under the Act are to be expended exclusively for 9-1-1 services; that PSAPs are required to ensure that fund accounting, auditing, monitoring, and evaluation procedures are provided; and that an annual audit is conducted. In addition, this Section states that increases in the charges or expenditures for 9-1-1 services are only authorized for the next fiscal year if the expenditures are used exclusively for 9-1-1 services according to the most recently completed annual audit.

MSP informed us that the PSAPs are not audited separately, but they are audited as part of the annual county audit and that it was its interpretation that this met the legislative requirement. We reviewed several county audits and found no indication that the PSAP expenditures were subjected to auditing procedures to the extent required to determine that the funds were used exclusively for 9-1-1 services. MSP also informed us that it performed other monitoring procedures, including desk reviews of PSAP training expenditures, on-site compliance reviews

for approximately 3 of the 83 counties annually, and reviews of annual 9-1-1 expenditure amounts reported by the counties for reasonableness. Although these monitoring procedures are valuable, they are not a substitute for the annual audit.

RECOMMENDATION

We recommend that MSP ensure that county PSAP expenditures are audited.

AGENCY PRELIMINARY RESPONSE

MSP agrees with the recommendation but informed us that it believed that the county audit met the PSAP audit requirement. MSP indicated that it requires PSAPs to certify that they have had an annual county audit. MSP also indicated that counties that are selected by MSP for a compliance review are required to submit a copy of their annual audit. In addition, counties submit a copy of their single audit when required by U.S. Office of Management and Budget (OMB) Circular A-133. MSP indicated that its subrecipient monitoring procedures ensure that the single audit reports are reviewed and that any applicable findings are forwarded to the 9-1-1 Administrator. MSP stated that it will provide clarification to the PSAPs and the Emergency 9-1-1 Service Committee of the audit requirement.

GLOSSARY

Glossary of Acronyms and Terms

9-1-1 system	A system for providing a 9-1-1 service, which allows service users to reach a PSAP by dialing 9-1-1.
communications service	A service capable of accessing, connecting with, or interfacing with a 9-1-1 system, exclusively through the numerals 9-1-1, by dialing, initializing, or otherwise activating the 9-1-1 system through the numerals 9-1-1 by means of a local telephone device, cellular telephone device, wireless communication device, interconnected Voice over Internet Protocol device, or any other means.
CTIA - The Wireless Association®	An international organization of the wireless communications industry for both wireless carriers and manufacturers.
FCC	Federal Communications Commission.
local exchange provider (LEP)	A provider of basic local exchange service, which means the provision of an access line and usage within a local calling area for the transmission of high quality two-way interactive switched voice or data communication.
material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MSP	Michigan Department of State Police.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or

function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.

post-paid Cellular telephone services provided by a prior arrangement with a service provider. The users in this situation are billed after the fact according to their use of cellular services at the end of each month.

prepaid Cellular telephone services purchased in advance of service use. The purchased credit is used to pay for cellular telephone services at the point the service is accessed or consumed.

public safety answering point (PSAP) A communications facility operated on a 24-hour basis assigned the responsibility by a public agency or a county to receive 9-1-1 calls and to dispatch public safety response services.

reportable condition A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

service supplier An individual, a corporation, a partnership, an association, a governmental entity, or any other legal entity providing a communications service to a service user in the State.

service user

An individual, a corporation, a partnership, an association, a governmental entity, or any other legal entity receiving a communications service (such as local telephone service or cellular telephone service).

Voice over Internet
Protocol (VoIP)

A system for providing telephone service over the Internet.

