

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

DEPARTMENT OF ATTORNEY GENERAL

October 1, 1996 through September 30, 1998

EXECUTIVE DIGEST

DEPARTMENT OF ATTORNEY GENERAL

INTRODUCTION

This report contains the results of our financial audit* , including the provisions of the Single Audit Act, of the Department of Attorney General for the period October 1, 1996 through September 30, 1998.

AUDIT PURPOSE

This financial audit of the Department 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 Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

BACKGROUND

The principal duties of the Attorney General include acting as legal counsel to all State departments, agencies, boards, commissions, officers, and employees; representing the Legislature and the courts when they are sued; and intervening in any litigation when the public interest is involved. Responsibilities related to federal grant management, accounting, and personnel are performed by the Administrative Division.

For fiscal year 1997-98, the Department's expenditures totaled approximately \$42.9 million. As of

* See glossary at end of report for definition.

September 30, 1998, the Department had 555 full-time equated employees within 45 divisions.

AUDIT OBJECTIVES
AND CONCLUSIONS

Audit Objective: To audit the Department's financial schedules, including the schedule of expenditures of federal awards, for the fiscal years ended September 30, 1998 and September 30, 1997.

Conclusion: We expressed an unqualified opinion on the Department's financial schedules.

Audit Objective: To assess and report on the Department's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial schedules, and on its internal control* over financial reporting, based on our audit of the financial schedules.

Conclusion: Our assessment of compliance did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses* .

In addition, our assessment indicated that the Department 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 control.

Audit Objective: To assess and report on the Department's compliance with requirements applicable to

* See glossary at end of report for definition.

each major federal program and on its internal control over compliance in accordance with OMB Circular A-133.

Conclusion: Our assessment of compliance applicable to the Department's major federal program did not disclose any instances of noncompliance that are required to be reported in accordance with OMB Circular A-133. Also, our assessment of internal control over compliance applicable to the Department's major federal program did not disclose any material weaknesses.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Department of Attorney General for the period October 1, 1996 through September 30, 1998. Our audit was conducted in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

PRIOR AUDIT
FOLLOW-UP

The Department complied with the three prior Single Audit* recommendations, which were related to the financial schedules.

* See glossary at end of report for definition.

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The Honorable Jennifer M. Granholm
Attorney General
G. Mennen Williams Building
Lansing, Michigan

Dear Ms. Granholm:

This is our report on the financial audit, including the provisions of the Single Audit Act, of the Department of Attorney General for the period October 1, 1996 through September 30, 1998.

This report contains our executive digest; description of agency; audit objectives and conclusions, audit scope, and prior audit follow-up; schedule of findings and questioned costs; and independent auditor's reports on the financial schedules, on compliance and on internal control over financial reporting, and on compliance with requirements applicable to each major program and on internal control over compliance in accordance with U.S. Office of Management and Budget Circular A-133. This report also contains the Department of Attorney General's financial schedules and notes to the financial schedules, supplemental financial schedules, and a glossary of acronyms and terms.

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

AUDITOR GENERAL

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Description of Agency

The director of the Department of Attorney General is the State's elected Attorney General as provided for in Article 5, Sections 3 and 21 of the State Constitution. General statutory provisions relating to the Department are contained in Sections 14.28 - 14.287 of the *Michigan Compiled Laws*. The principal duties of the Attorney General include:

- a. Serving as the State's chief legal officer and acting as legal counsel to all State departments, agencies, boards, commissions, officers, and employees. The Attorney General represents these entities and individuals when they are sued and brings suit on their behalf. The Attorney General also provides legal advice, by way of both formal and letter opinions.
- b. Representing the Legislature and the courts when they are sued and periodically, at the Supreme Court's request, presenting arguments on both sides of important issues.
- c. Intervening in any litigation when the public interest is involved, supervising the work of prosecuting attorneys and advising them in matters pertaining to their duties, and collecting all delinquent money and accounts that are due the State, as authorized by law.

The Department receives a federal grant (Medicaid Fraud Control) from the U.S. Department of Health and Human Services. This grant is used to investigate and prosecute alleged fraud involving Medicaid funds paid by the Department of Community Health to service providers. The grant is also used to investigate and prosecute cases of possible patient abuse.

The Department's revenues include other federal funds; recovery of funds owed to the State; and court awards from litigation on behalf of State agencies against individuals or corporations, as well as class action suits against private entities. Responsibilities related to federal grant management, accounting, and personnel are performed by the Administrative Division.

Department expenditures are paid from State General Fund appropriations and from transfers from various restricted and federal funds. For fiscal year 1997-98, the Department's expenditures totaled approximately \$42.9 million.

As of September 30, 1998, the Department had 555 full-time equated employees within 45 divisions.

**Audit Objectives and Conclusions, Audit Scope,
and Prior Audit Follow-Up**

Audit Objectives and Conclusions

Our financial audit, including the provisions of the Single Audit Act, of the Department of Attorney General had the following objectives:

1. To audit the Department's financial schedules, including the schedule of expenditures of federal awards, for the fiscal years ended September 30, 1998 and September 30, 1997.

We expressed an unqualified opinion on the Department's financial schedules.

2. To assess and report on the Department's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial schedules, and on its internal control over financial reporting, based on our audit of the financial schedules.

Our assessment of compliance did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses.

In addition, our assessment indicated that the Department 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 control.

3. To assess and report on the Department's compliance with requirements applicable to each major federal program and on its internal control over compliance in accordance with Office of Management and Budget (OMB) Circular A-133.

Our assessment of compliance applicable to the Department's major federal program did not disclose any instances of noncompliance that are required to be

reported in accordance with OMB Circular A-133. Also, our assessment of internal control over compliance applicable to the Department's major federal program did not disclose any material weaknesses.

Audit Scope

Our audit scope was to examine the financial and other records of the Department of Attorney General for the period October 1, 1996 through September 30, 1998. Our audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 the Department's internal control over compliance applicable to each major federal program and assessed the Department's compliance with federal laws and regulations in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, in addition to generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, we followed up on the prior audit findings related to the financial schedules. The Department's major federal program is identified in Section I of the schedule of findings and questioned costs.

Prior Audit Follow-Up

The Department complied with the three prior Single Audit recommendations, which were related to the financial schedules.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Schedules

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions* identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial schedules?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133, Section 510(a)?	No

Identification of major programs:

<i>CFDA</i> Number	Name of Federal Program
93.775	State Medicaid Fraud Control Units

* See glossary at end of report for definition.

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? No

Section II: Findings Related to the Financial Schedules

We did not report any findings.

Section III: Findings and Questioned Costs Related to Federal Awards

We did not report any findings.

Independent Auditor's Report on
the Financial Schedules

May 21, 1999

The Honorable Jennifer M. Granholm
Attorney General
G. Mennen Williams Building
Lansing, Michigan

Dear Ms. Granholm:

We have audited the accompanying schedule of General Fund revenue and operating transfers and the schedule of sources and disposition of General Fund authorizations of the Department of Attorney General for the fiscal years ended September 30, 1998 and September 30, 1997. These financial schedules are the responsibility of the Department's 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 the standards applicable to financial audits contained in *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 the 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 of Attorney General'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 Department of Attorney General for the fiscal years ended September 30, 1998 and September 30, 1997, on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 1999 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and other supplemental financial schedules, consisting of the schedule of certain General Fund assets and liabilities and the schedule of disposition of General Fund authorizations by fund source, 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. Such information has been subjected to the auditing procedures applied in the audit of the financial schedules and, in our opinion, is fairly stated, in all material respects, in relation to the financial schedules taken as a whole.

AUDITOR GENERAL

Independent Auditor's Report on Compliance and
on Internal Control Over Financial Reporting

May 21, 1999

The Honorable Jennifer M. Granholm
Attorney General
G. Mennen Williams Building
Lansing, Michigan

Dear Ms. Granholm:

We have audited the General Fund financial schedules of the Department of Attorney General for the fiscal years ended September 30, 1998 and September 30, 1997 and have issued our report thereon dated May 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Department's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in

amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Department's management, the Legislature, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

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

May 21, 1999

The Honorable Jennifer M. Granholm
Attorney General
G. Mennen Williams Building
Lansing, Michigan

Dear Ms. Granholm:

Compliance

We have audited the compliance of the Department of Attorney General with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each major federal program for the fiscal years ended September 30, 1998 and September 30, 1997. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each major federal program is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to in the previous paragraph that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the

circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Department's compliance with those requirements.

In our opinion, the Department of Attorney General complied, in all material respects, with the requirements referred to in the second previous paragraph that are applicable to each major federal program for the fiscal years ended September 30, 1998 and September 30, 1997.

Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Department's management, the Legislature, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

DEPARTMENT OF ATTORNEY GENERAL
Schedule of General Fund Revenue and Operating Transfers
Fiscal Years Ended September 30

	<u>1998</u>	<u>1997</u>
REVENUE		
Federal revenue	\$ 3,805,488	\$ 3,400,204
Services	904,339	876,900
Licenses and permits	1,348,633	1,015,869
Miscellaneous revenue	<u>2,214,665</u>	<u>1,411,196</u>
Total Revenue	<u>\$ 8,273,125</u>	<u>\$ 6,704,170</u>
 OPERATING TRANSFERS		
From other funds for services provided	\$ 4,247,338	\$ 3,891,000
From component units	<u>46,569</u>	<u> </u>
Total Operating Transfers	<u>\$ 4,293,907</u>	<u>\$ 3,891,000</u>
Total Revenue and Operating Transfers	<u>\$ 12,567,032</u>	<u>\$ 10,595,170</u>

The accompanying notes are an integral part of the financial schedules.

DEPARTMENT OF ATTORNEY GENERAL
Schedule of Sources and Disposition of General Fund Authorizations
Fiscal Years Ended September 30

	<u>1998</u>	<u>1997</u>
SOURCES OF AUTHORIZATIONS		
General purpose appropriations	\$ 29,271,500	\$ 28,885,100
Balances carried forward	55,174	231,424
Restricted financing sources	<u>14,150,914</u>	<u>15,500,172</u>
 Total	 <u>\$ 43,477,587</u>	 <u>\$ 44,616,697</u>
 DISPOSITION OF AUTHORIZATIONS		
Expenditures	<u>\$ 42,884,005</u>	<u>\$ 44,416,606</u>
Balances carried forward:		
Multi-year projects	\$ 141,848	\$
Encumbrances	250,676	21,801
Restricted revenue - not authorized	<u>40,633</u>	<u>33,373</u>
Total balances carried forward	<u>\$ 433,157</u>	<u>\$ 55,174</u>
Balances lapsed	<u>\$ 160,425</u>	<u>\$ 144,916</u>
 Total	 <u>\$ 43,477,587</u>	 <u>\$ 44,616,697</u>

The accompanying notes are an integral part of the financial schedules.

Notes to the Financial Schedules

Note 1 Significant Accounting Policies

a. Reporting Entity

The accompanying financial schedules report the results of the financial transactions of the Department of Attorney General for the fiscal years ended September 30, 1998 and September 30, 1997. The financial transactions of the Department 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 the Department. The *SOMCAFR* provides more extensive general disclosures regarding the State's Summary of Significant Accounting Policies, Budgeting and Budgetary Control, Pension Benefits and Other Postemployment Benefits, and Compensated Absences.

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 the Department of Attorney General's General Fund accounts.

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.

Note 2 Schedule of Sources and Disposition of General Fund Authorizations

The various elements of the schedule of sources and disposition of General Fund authorizations are defined as follows:

- a. General purpose appropriations - Original appropriation and any supplemental appropriations that are financed by General Fund/general purpose revenue.
- b. Balances carried forward - Authorizations for multi-year projects, encumbrances, restricted revenue - authorized, and restricted revenue - not authorized that were not spent as of the end of the prior fiscal year. These authorizations are available for expenditure in the current fiscal year for the purpose of the carry-forward without additional legislative authorization, except for the restricted revenue - not authorized.
- c. Restricted financing sources: Collections of restricted revenues, restricted operating transfers, and restricted interfund expenditure reimbursements to finance department programs as detailed in the appropriations act. These financing sources are authorized for expenditure up to the amount appropriated. Depending upon program statute, any amounts received in excess of the appropriation are, at year-end, either converted to general purpose financing sources and made available for general appropriation in the next fiscal year or carried forward to the next fiscal year as either restricted revenue - authorized or restricted revenue - unauthorized.
- d. Multi-year projects: Unexpended authorizations for work projects and capital outlay projects that are carried forward to subsequent fiscal years for the completion of the projects. The Department of Attorney General's multi-year project was for technology enhancements.
- e. Encumbrances: Authorizations carried forward to finance payments for goods or services ordered in the old fiscal year but not received by fiscal year-end. These authorizations are generally limited to obligations funded by general purpose appropriations.

- f. Restricted revenue - not authorized: Revenue that, by statute, is restricted for use to a particular department program or activity. However, the expenditure of the restricted revenue is subject to annual legislative appropriation.

- g. Balances lapsed: Department authorizations that were unexpended and unobligated at the end of the fiscal year. These amounts are available for legislative appropriation in the subsequent fiscal year.

SUPPLEMENTAL FINANCIAL SCHEDULES

DEPARTMENT OF ATTORNEY GENERAL
Schedule of Certain General Fund Assets and Liabilities
As of September 30

	<u>1998</u>	<u>1997</u>
GENERAL FUND ASSETS		
Accounts Receivable:		
From federal agencies	\$ 154,156	\$ 75,524
From component units	<u>46,569</u>	<u>61,634</u>
Total Accounts Receivable	\$ 200,726	\$ 137,158
Other Assets	\$ 336,833	\$ 465,261
GENERAL FUND LIABILITIES		
Accounts payable and other liabilities	\$ 675,194	\$ 409,460

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

DEPARTMENT OF ATTORNEY GENERAL
Schedule of Disposition of General Fund Authorizations by Fund Source
Fiscal Years Ended September 30

	1998			
	Total Sources	Expenditures	Balances Carried Forward	Balances Lapsed
Attorney General:				
State General Fund/general purpose	\$ 112,000	\$ 112,000	\$	\$
Unclassified Positions:				
State General Fund/general purpose	137,400	130,808		6,592
Attorney General Operations:				
State General Fund/general purpose	27,717,600	27,395,188	192,215	130,197
State General Fund/general purpose - Appropriation Year 1996-97	21,801	9,511		12,290
State General Fund/general purpose - Appropriation Year 1995-96				
State General Fund/general purpose - Appropriation Year 1994-95				
Interdepartmental Grant Revenues:				
CIS - Health services	556,761	556,761		
CIS - Liquor Purchase Revolving Fund	656,797	656,797		
DNR - Game and Fish Protection Fund	279,574	279,574		
MDOT - Comprehensive Transportation Fund	80,747	80,747		
MDOT - State Aeronautics Fund	60,695	60,695		
MDOT - State Trunkline Fund	1,570,210	1,570,210		
Federal Revenues:				
DAG, State administrative match grant/food stamps	265,750	238,910	26,840	
DOL - ETA, Unemployment insurance	855,919	855,919		
EPA, Multiple grants	134,891	134,891		
HHS - OS, State Medicaid fraud control units	1,995,038	1,995,038		
HHS, Medical assistance, medigrant	297,048	297,048		
Special Revenues:				
Accident Fund Company revenue	778,581	778,581		
Antitrust enforcement collections	220,766	220,766		
Auto repairs facilities fees	131,615	131,615		
Corporate fees	48,173	48,173		
Franchise fees	145,433	145,433		
Michigan State Housing Development Authority fees	170,809	170,809		
Michigan Underground Storage Tank Financial Assurance Fund	131,020	131,020		
Mobile Home Commission fees	98,881	98,881		
Prisoner reimbursement	208,239	208,239		
Securities fees	48,173	48,173		
State restricted contingency fund	220,000	220,000		
State restricted contingency fund - Appropriation Year 1995-96	13,596		13,596	
Utility Consumer Representation Fund	331,797	331,797		
State Waterways Fund	59,812	59,812		
Technology Enhancements:				
State General Fund/general purpose	300,000	99,691	200,309	
Prosecuting Attorneys Coordinating Council (PAAC):				
State General Fund/general purpose	1,004,500	993,154		11,346
State General Fund/general purpose - Appropriation Year 1995-96				
DAG, State administrative match grant/food stamps				
HHS, Child Support Enforcement System				
Prosecuting attorneys' training fees	99,355	99,355		
PACC - Training Project:				
MSP - Michigan Justice Training Fund				
Total Reported by Attorney General	\$ 38,752,981	\$ 38,159,595	\$ 432,961	\$ 160,425

This schedule is continued on next page.

1997			
Total Sources	Expenditures	Balances Carried Forward	Balances Lapsed
\$ 112,000	\$ 112,000	\$	\$
160,200	159,114		1,087
27,681,600	27,531,363	21,801	128,437
7,826	4,496 (64)		3,330 64
521,854	521,854		
572,188	572,188		
288,422	288,422		
96,025	96,025		
49,768	49,768		
1,821,438	1,821,438		
833,551	833,551		
1,002,200	1,002,200		
16,820	16,820		
1,940,172	1,940,172		
365,033	365,033		
649,498	649,498		
172,062	172,062		
135,974	135,974		
47,700	47,700		
155,492	155,492		
226,461	226,461		
107,150	107,150		
215,946	215,946		
47,700	47,700		
216,028	182,655	33,373	
60,959	60,959		
931,300	919,471		11,829
1,893	1,721		171
4,827	4,827		
77,000	77,000		
160,000	160,000		
<u>\$ 38,679,086</u>	<u>\$ 38,478,996</u>	<u>\$ 55,174</u>	<u>\$ 144,916</u>

DEPARTMENT OF ATTORNEY GENERAL
Schedule of Disposition of General Fund Authorizations by Fund Source
Fiscal Years Ended September 30
Continued

	1998			
	<u>Total Sources</u>	<u>Expenditures</u>	<u>Balances Carried Forward</u>	<u>Balances Lapsed</u>
Attorney General Expenditures Reported by Other Agencies:				
Family Independence Agency	\$ 1,529,820	\$ 1,529,820	\$	\$
HHS - HCFA, Grants to states for Medigant - medical assistance payments				
EPA, Multiple grants				
Michigan State Hospital Finance Authority	186,773	186,773		
State Lottery Fund	85,701	85,701		
Low-Level Radioactive Waste Management Fund	26,111	26,111		
Oil and gas privilege fee revenue	102,996	102,996		
DOL - OSHA, Occupational safety and health	61,104	61,104		
CIS - Public utility assessments	1,236,234	1,236,234		
Retirement funds	242,473	242,473		
Second Injury Fund	368,733	368,733		
Self Insurers' Security Fund	61,594	61,594		
Silicosis, Dust Disease, and Logging Industry Compensation Fund	183,875	183,875		
DED - OPSE, student loan, federal lender allowance	245,743	245,743		
Workers' Compensation Administrative Revolving Fund	10,598	10,598		
Michigan Underground Storage Tank Financial Assurance Fund				
Utility Consumer Representation Fund				
CIS - Health services				
Federal contingency fund				
Federal funds (Operations)	251,046	250,849	197	
Federal funds (PACC)				
Federal funds (PACC) - Appropriation Year 1995-96	67,361	67,361		
MSP - Michigan Justice Training Fund	<u>64,445</u>	<u>64,445</u>		
Total Reported by Other Agencies	<u>\$ 4,724,606</u>	<u>\$ 4,724,409</u>	<u>\$ 197</u>	<u>\$ 0</u>
Totals	<u>\$ 43,477,587</u>	<u>\$ 42,884,005</u>	<u>\$ 433,158</u>	<u>\$ 160,425</u>

1997			
Total Sources	Expenditures	Balances Carried Forward	Balances Lapsed
\$	\$	\$	\$
1,122,195	1,122,195		
16,079	16,079		
196,723	196,723		
90,773	90,773		
25,547	25,547		
108,124	108,124		
20,710	20,710		
1,411,416	1,411,416		
304,396	304,396		
589,974	589,974		
96,225	96,225		
296,394	296,394		
267,385	267,385		
10,759	10,759		
129,707	129,707		
403,556	403,556		
57,734	57,734		
328,246	328,246		
173,168	173,168		
5,678	5,678		
<u>282,823</u>	<u>282,823</u>		
<u>\$ 5,937,610</u>	<u>\$ 5,937,610</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 44,616,697</u>	<u>\$ 44,416,606</u>	<u>\$ 55,174</u>	<u>\$ 144,916</u>

DEPARTMENT OF ATTORNEY GENERAL
Schedule of Expenditures of Federal Awards
For the Period October 1, 1996 through September 30, 1998

<u>Federal Agency/Program</u>	<u>CFDA** Number</u>	<u>Directly Expended</u>	<u>Distributed to Subrecipients</u>	<u>Total Expende and Distribute</u>
<u>For the Fiscal Year Ended September 30, 1998</u>				
<u>U.S. Department of Health and Human Services,</u>				
<u>Office of the Inspector General</u>				
State Medicaid Fraud Control Units	93.775	<u>\$ 2,089,929</u>	<u>\$ 0</u>	<u>\$ 2,089,929</u>
Total Expenditures of Federal Awards		<u>\$ 2,089,929</u>	<u>\$ 0</u>	<u>\$ 2,089,929</u>

* Basis of Presentation: This schedule includes the federal grant activity of the Department of Attorney General and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the schedule of sources and disposition of General Fund authorizations.

The Department received federal revenues from other State agencies for legal services totaling \$1,310,275 and \$1,657,461 in fiscal years 1996-97 and 1997-98, respectively. These amounts are not considered federal assistance, but rather as reimbursement from State agencies for the purchase of services provided by the Department of Attorney General.

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

For the Fiscal Year Ended September 30, 1998

<u>Directly</u> <u>Expended</u>	<u>Distributed to</u> <u>Subrecipients</u>	<u>Total Expended</u> <u>and Distributed</u>	<u>Total Expended</u> <u>and Distributed</u>
<u>\$ 2,148,027</u>	<u>\$ 0</u>	<u>\$ 2,148,027</u>	<u>\$ 4,237,956</u>
<u>\$ 2,148,027</u>	<u>\$ 0</u>	<u>\$ 2,148,027</u>	<u>\$ 4,237,956</u>

Glossary of Acronyms and Terms

CIS	Department of Consumer and Industry Services.
DAG	U.S. Department of Agriculture.
DED - OPSE	U.S. Department of Education - Office of Post Secondary Education.
DNR	Department of Natural Resources.
DOL - ETA	U.S. Department of Labor - Employment and Training Administration.
DOL - OSHA	U.S. Department of Labor - Occupational Safety and Health Administration.
EPA	U.S. Environmental Protection Agency.
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.
HHS	U.S. Department of Health and Human Services.
HHS - HCFA	U.S. Department of Health and Human Services - Health Care Financing Administration.
HHS - OS	U.S. Department of Health and Human Services - Office of the Secretary.
internal control	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.

material weakness	A condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that either misstatements in amounts that would be material in relation to the financial schedules being audited or noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
MDOT	Michigan Department of Transportation.
MSP	Michigan Department of State Police.
OMB	U.S. Office of Management and Budget.
PACC	Prosecuting Attorneys Coordinating Council.
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 internal control.
Single Audit	A financial audit performed in accordance with the Single Audit Act Amendments of 1996 that is designed to meet the needs of all federal grantor agencies and other financial report users. In addition to performing the audit in accordance with the requirements of generally accepted auditing standards and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, a Single Audit requires the assessment of compliance with requirements that could have a direct and material effect on a major federal program and the consideration of internal control over compliance in accordance with OMB Circular A-133.