

## EXECUTIVE DIGEST

# MICHIGAN DEPARTMENT OF STATE POLICE

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### 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, 1997 through September 30, 1999.

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

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### 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 MSP director 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 2,192 enlisted and 1,072 civilian employees as of September 30, 1999. MSP gross expenditures and operating transfers out totaled approximately \$353.8 million in fiscal year 1998-99.

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AUDIT OBJECTIVES  
AND CONCLUSIONS

**Audit Objective:** To audit MSP's financial schedules, including the schedule of expenditures of federal awards, for the fiscal years ended September 30, 1999 and September 30, 1998.

**Conclusion:** We expressed an unqualified opinion on MSP's financial schedules. In addition, we expressed an unqualified opinion on MSP's schedule of expenditures of federal awards, and its other supplemental financial schedules, in relation to the financial schedules taken as a whole.

**Audit Objective:** To assess and report on MSP'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 could have a direct and material effect on the financial schedules. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses\* . However, we identified reportable conditions\* related to internal control over accounting functions, operating transfers, controls over Michigan Administrative Information Network\* (MAIN) user access,

controls over procurement cards\*, and cash management (Findings 1 through 5).

**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 control.**

**Audit Objective:** To assess and report on MSP's compliance with requirements applicable to 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 each major federal program disclosed instances of noncompliance related to the Motor Carrier Safety Assistance Program\* , the schedule of expenditures of federal awards, and the monitoring of subrecipients that are required to be reported under OMB Circular A-133 (Findings 6 through 8). However, our assessment of internal control over compliance applicable to each major federal program did not disclose any material weaknesses. We did identify reportable conditions related to the Motor Carrier Safety Assistance Program, the schedule of expenditures of federal awards, the monitoring of subrecipients, internal control over accounting functions, controls over MAIN user access, and controls over procurement cards (Findings 6 through 11).

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**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, 1997 through September 30, 1999. 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.

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

Our audit report contains 8 findings and 8 corresponding recommendations. MSP's corrective action plan indicates that it agrees with the recommendations and plans to implement them.

As disclosed in MSP's summary schedule of prior audit findings, MSP fully complied with 1 of the 4 prior Single Audit\* recommendations and partially complied with the remaining 3 prior Single Audit recommendations. One of the prior recommendations (see Finding 8) is repeated in this report.