



STATE OF MICHIGAN

DEPARTMENT OF MANAGEMENT & BUDGET  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

LISA WEBB SHARPE  
DIRECTOR

August 9, 2007

MEMORANDUM

TO: Mike Moody, Director  
Office of Financial Management

FROM: Mike Gilliland, Director  
DMB-Financial Services

SUBJECT: Response to the Program-Specific Audit in accordance with the Single Audit, Donation of Federal Surplus Personal Property Program, Department of Management and Budget  
Conducted by: Office of the Auditor General  
Period of Covered in Audit: October 1, 2004 – September 30, 2006  
Issue Date: April 23, 2007  
Exit Conference: No  
Submitted to OFM: Yes  
Final Response: Not final until compliance with all recommendations has occurred  
Material Weakness: None

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Recommendation No. 1: Utilization Reviews

DMB improve its internal control to ensure that the Federal Surplus Program complies with federal laws and regulations regarding special tests and provisions.

Response:

DMB agrees with the finding and will comply by August 31, 2007. DMB will revise procedures to comply with federal requirements, by establishing a tracking tool to monitor due dates for utilization surveys and by monitoring survey responses. Management will perform quarterly reviews to ensure compliance.

Recommendation No. 2: Subrecipient Monitoring

DMB improve its internal control to ensure that the Federal Surplus Program complies with federal laws and regulations regarding subrecipient monitoring.

Response:

DMB agrees with the finding and will comply by August 31, 2007. DMB will revise procedures to comply with federal requirements by including the audit requirements in the donee application packet, as well as providing notice to the donee of the donation value for single audit purposes. Management will perform annual reviews to ensure compliance.

C: Craig Orr  
Joyce VanCoevering  
Rick Lowe  
Laura Hirst  
House Fiscal Agency  
Senate Fiscal Agency