



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF AGRICULTURE  
LANSING

MITCH IRWIN  
DIRECTOR

June 27, 2007

Mr. Michael J. Moody, Director  
Office of Financial Management  
Department of Management and Budget  
George W. Romney Building, 7th Floor  
Lansing, Michigan 48909

Dear Mr. Moody:

By way of this letter, we are forwarding to the appropriate agencies the Michigan Department of Agriculture's preliminary corrective action plan to the Auditor General's Financial Audit, including the provisions of the Single Audit Act.

If you have any questions, please feel free to contact Mark Stypkowski at 373-9766.

Sincerely,

Signature Redacted

Mitch Irwin  
Director

Enclosure

cc: Thomas H. McTavish, Auditor General  
Lisa Webb Sharpe, Director, Department of Management & Budget  
Bob Emerson, Director, Office of the State Budget

DEPARTMENT OF AGRICULTURE

Audit Response Summary

Single Audit

Period Covered: October 1, 2004 through September 30, 2006

Corrective Action Plan

**Finding Number:** 7910701  
**Finding Title:** Internal Auditor and Biennial Internal Control Assessment  
**Management Views:** The Department agrees with the finding.  
**Corrective Action:** A - The Department's security for MAIN and other information systems currently being handled by Internal Audit will be assigned as a task to a proposed section within the Office of the State budget.  
B - This finding pertains to the September 30, 2004 biennial assessment period. Since that time the department has refined evaluation templates and evaluated all 19 processes, identified it's most critical information technology (IT) systems based on risks, trained evaluators on how to conduct a Control Objectives for Information and Related Technology (CobIT), and made it's first attempt at evaluating its most critical IT systems. The department will continue to refine its process for evaluating critical IT systems in a meaningful way..  
**Anticipated Completion Date:** A - October, 2007  
B - March, 2008  
**Responsible Individual:** David Bruce

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**Finding Number:** 7910702  
**Finding Title:** Cash Receipts  
**Management Views:** The Department agrees with the finding.  
**Corrective Action:** The majority of cash receipts are now under a more controlled cash handling process (e.g., two persons). The department will continued to refine its process so that all departmental receipts, where cost-beneficial, are subjected to a controlled cash handling process. This process will be reviewed as part of the consolidated accounting effort in Executive Order No. 2007-32.

**Anticipated Completion Date:** September 2008

**Responsible Individual:** David Bruce

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**Finding Number:** 7910703

**Finding Title:** Schedule of Expenditures of Federal Awards

**Management Views:** The Department agrees with the finding.

**Corrective Action:** The Department will draft written procedures to ensure federal expenditures recorded to non-federal finance types are properly included on the Schedule of Expenditures of Federal Awards. The Department will ensure the name and the identifying number of the pass-through entity is included when necessary. The Department will also ensure the correct CFDA program title and number are indicated. The Department will classify vendor payments to ensure that they are not included with subrecipient expenditures on the SEFA.

**Anticipated Completion Date:** September 2008

**Responsible Individual:** Rick Harper

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**Finding Number:** 7910704

**Finding Title:** Farm and Ranch Lands Protection Program, CFDA 10.913

**Management Views:** The Department agrees with the finding.

**Corrective Action:** The Department will either check the US Government debarment website to determine if a landowner is not eligible for Federal Funds, or will cause the landowner to complete a form indicating they are not disbarred from receiving Federal Funds. The Department will provide the requested forms with the letter indicating payment has been received, however, Internal Revenue Service (IRS) form 8283 can only be provided if the form has been prepared at the time of payment.

**Anticipated Completion Date:** May 2007

**Responsible Individual:** Rich Harlow

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**Finding Number:** 7910705

**Finding Title:** Non-Point Source Implementation Grants, CFDA

66.460

**Management Views:**

The Department agrees with the finding.

**Corrective Action:**

The Department will verify that adequate documentation exists to support payments to subrecipients quarterly, yearly and after the subrecipient's audit. The Department will ensure compliance with procurement, suspension and debarment requirements. The Department will comply with the reporting and subrecipient monitoring requirements.

**Anticipated Completion Date:** September 2007

**Responsible Individual:** Marsha Wiegman

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