Michigan

Office of the Auditor General

REPORT SUMMARY

Financial Audit

Including the Provisions of the Single Audit Act

Report Number:
761-0100-08

Department of Environmental Quality

October 1, 2005 through September 30, 2007

Released:
June 2008

A Single Audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Statements and Financial Schedules:

Auditor's Reports Issued

We issued unqualified opinions on the Department of Environmental Quality's (DEQ's) financial statements and financial schedules.

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Internal Control Over Financial Reporting

We did not report any findings related to internal control over financial reporting.

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Noncompliance or Other Matters Material to the Financial Statements and/or Financial Schedules

We did not identify any instances of noncompliance or other matters applicable to the financial statements and/or financial schedules that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 6 programs as major programs and issued 4 unqualified opinions and 2 qualified opinions. The opinions issued by major program are identified on the back of this summary.

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Internal Control Over Major Programs

We identified significant deficiencies in internal control over federal program compliance (Findings 1 through 5). We consider Findings 1 and 5 to contain material weaknesses. In addition, we identified four recommendations repeated from our prior report for the two-year period ended September 30, 2005 (Findings 1 through 4).

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Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 1 through 5).

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Systems of Accounting and Internal Control:

We determined that DEQ was in substantial compliance with Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws*.

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We audited the following programs as major programs:

CFDA Number	***Program Title***	***Compliance Opinion***
11.419	Coastal Zone Management Administration Awards	Qualified
66.458	Capitalization Grants for Clean Water State Revolving Funds	Unqualified
66.460	Nonpoint Source Implementation Grants	Unqualified
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Unqualified
66.605	Performance Partnership Grants	Qualified
66.805	Leaking Underground Storage Tank Trust Fund Program	Unqualified

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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