



Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

*Financial Audit*

*Including the Provisions of the Single Audit Act*

Report Number:  
641-0100-09

*Department of Labor and Economic Growth*

*October 1, 2006 through September 30, 2008*

Released:  
June 2009

*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 Schedules:**

**Auditor's Report Issued**

We issued an unqualified opinion on the Department of Labor and Economic Growth's (DLEG's) financial schedules.

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**Internal Control Over Financial Reporting**

We identified a significant deficiency in internal control over financial reporting (Finding 1). We do not consider this significant deficiency to be a material weakness.

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**Noncompliance and Other Matters  
Material to the Financial Schedules**

We did not identify any instances of noncompliance or other matters applicable to the 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 15 programs as major programs and reported known questioned costs of \$22.4 million and known and likely questioned costs totaling \$22.4 million. DLEG expended \$960.8 million in federal awards during the two-year period ended September 30, 2008. We issued 9 unqualified opinions, 5 qualified opinions, and 1 adverse opinion. 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 2, 4 through 11, and 13). We consider Findings 4, 6 through 8, and 11 to be material weaknesses.

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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 2 through 13).

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**Systems of Accounting and Internal Control:**

We determined that DLEG 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:

<u>CFDA Number</u>	<u>Program or Cluster Title</u>	<u>Compliance Opinion</u>
10.561	Food Stamp Cluster	Unqualified
17.002	Labor Force Statistics	Qualified
17.207, 17.801, and 17.804	Employment Service Cluster	Qualified
17.245	Trade Adjustment Assistance	Unqualified
17.268	H-1B Job Training Grants	Adverse
17.503	Occupational Safety and Health - State Program	Qualified
17.504	Consultation Agreements	Qualified
81.041	State Energy Program	Unqualified
84.002	Adult Education - Basic Grants to States	Unqualified
84.048	Career and Technical Education - Basic Grants to States	Unqualified
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Qualified
84.187	Supported Employment Services for Individuals with Significant Disabilities	Unqualified
84.243	Tech-Prep Education	Unqualified
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Unqualified
93.558	Temporary Assistance for Needy Families	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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