



Michigan
Office of the Auditor General
REPORT SUMMARY

*Financial Audit
Including the Provisions of the Single Audit Act*

Report Number:
791-0100-09

Michigan Department of Agriculture

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 Michigan Department of Agriculture's (MDA's) financial schedules.

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Internal Control Over Financial Reporting

We identified significant deficiencies in internal control over financial reporting (Findings 1 through 6). We consider Findings 1 through 3 to be material weaknesses.

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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*. However, we did identify other instances of noncompliance (Findings 2 and 6).

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 6 programs as major programs and reported known questioned costs of \$69,746 and known and likely questioned costs of \$75,484. MDA expended a total of \$18.7 million in federal awards during the two-year period ended September 30, 2008. We issued 5 unqualified 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 7 through 12). We consider Finding 9 to be a material weakness.

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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 8 through 11). We consider Finding 9 to contain material noncompliance.

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Systems of Accounting and Internal Control:

We determined that MDA was in substantial compliance with Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws*. However, we did identify a significant deficiency related to Section 18.1485 (Finding 2). We consider this to be a material weakness in internal control.

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We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Compliance Opinion</u>
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Unqualified
10.069	Conservation Reserve Program	Unqualified
10.169	Specialty Crop Block Grant Program	Adverse
10.913	Farm and Ranch Lands Protection Program	Unqualified
66.460	Nonpoint Source Implementation Grants	Unqualified
66.605	Performance Partnership Grants	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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