



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

Including the Provisions of the Single Audit Act

Report Number:
271-0275-10

Michigan Public Educational Facilities Authority

(A Discretely Presented Component Unit of the State of Michigan)

October 1, 2007 through September 30, 2009

Released:
May 2010

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:

Auditor's Report Issued

We issued an unqualified opinion on the Michigan Public Educational Facilities Authority's financial statements.

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Internal Control Over Financial Reporting

We identified a significant deficiency in internal control over financial reporting (Finding 1). We consider Finding 1 to be a material weakness.

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

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

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Federal Awards:

Auditor's Report Issued on Compliance

We audited one program as a major program and issued a qualified opinion. We identified known questioned costs of \$500,000. The Authority expended a total of \$3,158,710 in federal awards during the two-year period ended September 30, 2009. The federal program audited as a major program is 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 (Finding 2). We consider Finding 2 to contain 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 (Finding 2).

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Background:

The Michigan Public Educational Facilities Authority was created by Executive Order No. 2002-3 to assist the State's public school academies in obtaining access to the market for cash flow financing needs.

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We audited the following program as a major program:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Compliance Opinion</u>
84.354	Credit Enhancement for Charter School Facilities	Qualified

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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