



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

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

Report Number:  
 511-0100-10

*Department of Military and Veterans Affairs*

*October 1, 2007 through September 30, 2009*

Released:  
 June 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 Department's financial statements.

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**Internal Control Over Financial Reporting**

We identified significant deficiencies in internal control over financial reporting (Findings 1, 2, and 4). We consider Finding 1 to contain 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*. However, we did identify other instances of noncompliance (Findings 2, 3, and 4).

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**Federal Awards:**

**Auditor's Reports Issued on Compliance**

We audited 5 programs (including 1 ARRA related program) as major programs and reported known questioned costs of \$14,833,547 and known and likely questioned costs totaling \$16,362,235. The Department expended a total of \$154.8 million in federal awards during the two-year period ended September 30, 2009. We issued 2 unqualified opinions and 3 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 5 through 9). We consider Findings 5 through 8 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 5 through 9).

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**Systems of Accounting and Internal Control:**

We determined that the Department 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 Title</u>	<u>Compliance Opinion</u>
12.400	Military Construction, National Guard	Qualified
12.401	<u>National Guard Military Operations and Maintenance (O&amp;M) Projects</u> <ul style="list-style-type: none"> <li>• National Guard Military Operations and Maintenance (O&amp;M) Projects</li> <li>• ARRA - National Guard Military Operations and Maintenance (O&amp;M) Projects</li> </ul>	Qualified
12.404	National Guard Civilian Youth Opportunities	Qualified
64.014	Veterans State Domiciliary Care	Unqualified
64.015	Veterans State Nursing Home Care	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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