



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

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

Report Number:  
 751-0100-10

*Department of Natural Resources*

*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 statements and/or financial schedules are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with requirements material to the financial statements and/or financial schedules; 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 Natural Resources' (DNR's) financial statements and financial schedules.

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**Internal Control Over Financial Reporting**

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

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

We did not identify any instances of noncompliance applicable to the financial statements and/or financial schedules that are required to be reported under *Government Auditing Standards*. However, we did identify other instances of noncompliance (Findings 1 through 3).

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***Federal Awards:***

**Auditor's Reports Issued on Compliance**

We audited 7 programs as major programs and reported known questioned costs of \$20,879 and known and likely questioned costs of \$3,402,113. DNR expended a total of \$92.4 million in federal awards during the two-year period ended September 30, 2009. We issued 6 unqualified opinions and 1 qualified 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 related to internal control over major programs (Findings 4 through 7). We consider Finding 7 to be a material weakness. We also identified three recommendations repeated from our prior report for the two-year period ended September 30, 2007 (Findings 4, 6, and 7).

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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 4 through 7).

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**Systems of Accounting and Internal Control:**

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

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**Subsequent Event:**

Executive Order No. 2009-45 created the Department of Natural Resources and Environment (DNRE), effective January 17, 2010. It transferred all of the authority, powers, duties, functions, responsibilities, records, personnel, property, equipment, and budgetary resources of DNR and the Department of Environmental Quality (DEQ) to DNRE by a Type II transfer and abolished DNR and DEQ. Accordingly, our recommendations in this report are directed to DNRE.

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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>
10.664	Cooperative Forestry Assistance	Unqualified
10.665	Schools and Roads Cluster	Unqualified
10.676	Forest Legacy Program	Unqualified
15.605 and 15.611	Fish and Wildlife Cluster	Unqualified
15.634	State Wildlife Grants	Unqualified
15.916	Outdoor Recreation - Acquisition, Development and Planning	Unqualified
97.012	Boating Safety Financial Assistance	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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