



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

July 19, 2012

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Mr. Ringler:

This is in response to your July 16, 2012, e-mail. In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is the corrective action plan to address recommendation 5.a contained within the Office of the Auditor General's audit report of the Single Audit of the Department of History, Arts and Libraries for Fiscal Year 2009.

Questions regarding the summary table or corrective action plans should be directed to Janet Laverty at lavertyj@michigan.gov or 373-1967.

Sincerely,

Signature Redacted

Michael Flanagan
Superintendent of Public Instruction

cc: Governor Rick Snyder
Thomas McTavish, Auditor General
Mary Ann Cleary, Director, House Fiscal Agency
Ellen Jeffries, Director, Senate Fiscal Agency
Senator Roger Kahn, Senate Appropriations Committee
Representative Charles Moss, House Appropriations Committee
Senator Phil Pavlov, Senate Education Committee Chair
Representative Lisa Posthumus, House Education Committee Chair
Janet Laverty, Director, MDE Budget Office

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MDE response to Selected Finding of the Single Audit of the
Department of History, Arts and Libraries for Fiscal Year 2009
Updated August 29, 2011

5. a.(1) The Library of Michigan, now under the Department of Education, continues to work with DTMB, DIT to develop a signed service level agreement for IT services provided by DTMB, DIT. A signed agreement will be finalized by October 30, 2011 for the services provided by DTMB, DIT.

5. a.(2) The Library of Michigan prepares semiannual certifications for all staff used as match for the Grants to the States Program. The semiannual certifications have been prepared and signed by the supervisor since the issue was identified in the audit of fiscal year 2009. The certifications are completed biannually. The process includes the form being completed, the staff member and supervisor sign it and it's filed it in the LSTA program files. The form was reviewed by the previous auditing team and indicated that the form was acceptable.

5. a.(3) The Library of Michigan does independently verify the accuracy of CPI increases before processing payments if an increase indicated on the invoice is based on the CPI. The Library staff review all invoices received for maintenance against the contract terms and conditions to ensure compliance prior to processing payment. The Library has not received an invoice that contains an increase based on CPI since the audit finding was identified. The current contract does not include a reference to increases based on CPI and, therefore, is no longer an issue for the department.

5. a.(4) Since the finding was brought to the attention of the Library of Michigan staff during the audit of fiscal year 2009, segregation of duties for payroll submission has been maintained and followed by all staff. A supervisor has not entered and approved time for an employee under any circumstance since the finding was identified.