



Michigan
Office of the Auditor General
REPORT SUMMARY

Report on the Provisions of the Single Audit Act

Report Number:
 271-0400-11

Michigan Strategic Fund

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

October 1, 2008 through September 30, 2010

Released:
 April 2011

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:

We have audited the basic financial statements of the Michigan Strategic Fund (MSF) for the fiscal years ended September 30, 2010 and September 30, 2009 and have issued a report thereon dated February 8, 2011.

Auditor's Report Issued

We issued unqualified opinions on MSF's basic financial statements.

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Internal Control Over Financial Reporting

We also issued an independent auditor's report on internal control over financial reporting and on compliance and other matters thereon dated February 8, 2011. We did not report any findings related to internal control over financial reporting.

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

We did not identify any instances of noncompliance or other matters that are

required to be reported under *Government Auditing Standards.*

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited one cluster (including 1 ARRA related program) as a major program and issued a qualified opinion. MSF expended a total of \$83.7 million in federal awards, including \$85,767 of ARRA funding, during the two-year period ended September 30, 2010. The cluster 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 (Findings 1 and 2). We consider Finding 1 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 1 and 2).

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We audited the following cluster as a major program:

<u>CFDA Number</u>	<u>Program or Cluster Title</u>	<u>Compliance Opinion</u>
14.228	<u>CDBG - State-Administered Small Cities Program Cluster</u> <ul style="list-style-type: none">Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Qualified
14.255	<ul style="list-style-type: none">ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)	

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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