



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



DAN WYANT
DIRECTOR

February 8, 2013

VIA E-MAIL

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

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed are a summary table identifying our responses and the corrective action plan to address recommendations contained within the Office of the Auditor General's audit report of the Clean Michigan Initiative within the Department of Environmental Quality (DEQ).

Questions regarding the summary table or the corrective action plan should be directed to Ms. Sharon Maher, State Administrative Manager, Administration Division, DEQ, at mahers@michigan.gov or 517-241-7991.

Sincerely,

Signature Redacted

James M. Kasprzak, Chiěf
Administration Division
517-241-7427

Enclosures

cc/enc: Senator Tom Casperson, Senate Natural Resources, Environment and Great Lakes Committee
Senator Mike Green, Senate Appropriations Subcommittee on Environmental Quality
Representative Andrea LaFontaine, House Natural Resources Committee
Representative Eileen Kowall, House Appropriations Subcommittee on Environmental Quality
Ms. Ellen Jeffries, Director, Senate Fiscal Agency
Ms. Mary Ann Cleary, Director, House Fiscal Agency
Mr. Thomas H. McTavish, Auditor General, Office of the Auditor General
Mr. Dennis Muchmore, Governor's Office
Mr. Dan Wyant, Director, DEQ
Mr. Jim Sygo, Deputy Director, DEQ
Ms. Maggie Datema, Director of Legislative Affairs, DEQ
Ms. Sharon Maher, DEQ

DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary of Findings and Corrective Action Status - FY10 and FY11 Clean Michigan Initiative Audit

Audit recommendations that the DEQ complied with:				
Recommendation	Program(s)	Questioned Costs	Corrective Action	Corrective Action Status
1.a. DEQ had not documented the process for preparing the annual report. A documented process would provide guidance to program staff to help ensure that they properly prepare and review the report for accuracy.	Clean Michigan Initiative	\$0.00	DEQ agrees with the recommendation. Many of the program areas have written instructions for their portion of the report. The reporting errors were minor and did not impact the the CMI financial transactions, which were accurate. The DEQ Administration Division will coordinate the preparation of instructions to be used for future reports. Errors identified by the auditors will be corrected and the report will be reposted.	Complete
1.b. DEQ did not accurately report the amount of CMI bonds issued. DEQ understated the total bonds issued to date and overstated the remaining bond authorization amount by \$10.0 million	Clean Michigan Initiative	\$0.00	DEQ reposted the report with the corrected totals.	Complete
1.c. DEQ did not accurately report the program funding summary for the Brownfield Redevelopment Loan Program. DEQ understated loan funds returned and available balance for the Brownfield Redevelopment Loan Program by \$107,524.	Clean Michigan Initiative	\$0.00	DEQ reposted the report with the corrected totals.	Complete
Audit recommendations DEQ disagrees with:				
None				

Department of Environmental Quality
Plan to Address Audit Recommendations
OAG Performance Audit of the Clean Michigan Initiative Issued November, 2012

Clean Michigan Initiative Reporting Requirements

The Office of the Auditor General (OAG) recommended that *DEQ accurately report CMI project activity.*

The DEQ agrees with this finding and will comply.

The DEQ has corrected the errors in the report that is posted on the internet. In addition, the DEQ Administration Division (AD) requested instructions from each program area and will compile them. The DEQ AD will write instructions to coordinate the report and ensure the reporting is consistent across programs. The instructions should be complete by May, 2013.