



Michigan
Office of the Auditor General
REPORT SUMMARY

Single Audit Report

Report Number:
000-0100-14

State of Michigan

Fiscal Year Ended September 30, 2013

Released:
June 2014

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 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 assesses compliance with direct and material requirements of the major federal programs.

Financial Statements:

Auditor's Report Issued

We have audited the State of Michigan's basic financial statements as of and for the fiscal year ended September 30, 2013 and have issued a separate report thereon dated December 21, 2013. We issued unmodified opinions on the State's basic financial statements.

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Internal Control Over Financial Reporting

We considered the State of Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified. We did identify significant deficiencies in internal control as reported in the Report on Internal Control, Compliance, and Other Matters for the *State of Michigan Comprehensive Annual Financial Report* (071-0010-14M).

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Compliance and Other Matters

We performed tests of the State's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Report on Compliance for Each Major Federal Program

We have audited the State's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the State's major federal programs. We audited 38 programs as major programs and reported known questioned costs of \$9.6 million. The State expended a total of \$21.2 billion in federal awards during the fiscal year ended September 30, 2013. We issued 29 unmodified opinions, 7 qualified opinions, and 2 adverse opinions. The opinions issued by major program are identified on the following pages. We identified instances of noncompliance that are required to be reported in accordance with OMB Circular A-133. The findings are identified by major program on the following pages.

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Report on Internal Control Over Compliance

We considered the State's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program. We identified

deficiencies in internal control over compliance that we consider to be material weaknesses and others we consider to be significant deficiencies as described in the findings identified by major program on the following pages.



Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The schedule of expenditures of federal awards is presented for purposes of additional analysis as

required by OMB Circular A-133 and is not a required part of the State's basic financial statements. The information therein has been subjected to the auditing procedures applied in the audit of the State's basic financial statements and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the State's basic financial statements as a whole.



Identification of Major Programs, Type of Auditor's Report Issued on Compliance, Questioned Costs, and Audit Finding Numbers:

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
10.551 and 10.561	SNAP Cluster, including ARRA	Qualified	Undeterminable	2013-001 2013-002 2013-003 2013-006
10.553, 10.555, 10.556, and 10.559	Child Nutrition Cluster	Unmodified	\$0	2013-009 2013-010 2013-013 2013-016
10.565, 10.568, and 10.569	Food Distribution Cluster, including ARRA	Unmodified	\$0	2013-009 2013-010 2013-013 2013-016
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified	\$0	2013-006 2013-007 2013-014 2013-022 2013-023 2013-024
10.558	Child and Adult Care Food Program	Unmodified	\$32,608	2013-009 2013-010 2013-013 2013-016 2013-025
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Unmodified	\$0	Not Applicable
14.228	CDBG - State-Administered CDBG Cluster	Unmodified	\$0	2013-026 2013-027 2013-028
14.256	ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	Unmodified	\$0	Not Applicable
20.205 and 20.219	Highway Planning and Construction Cluster, including ARRA	Unmodified	\$0	2013-011 2013-018
20.106	Airport Improvement Program	Unmodified	\$46,868	2013-011 2013-029 2013-030
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants, including ARRA	Unmodified	Undeterminable	2013-018 2013-031 2013-032
66.458	Capitalization Grants for Clean Water State Revolving Funds, including ARRA	Unmodified	\$0	2013-018 2013-033
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	Unmodified	\$0	2013-034

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
84.010 and 84.389	Title I, Part A Cluster, including ARRA	Unmodified	\$0	2013-009 2013-012 2013-013 2013-016 2013-017
84.027, 84.173, and 84.391	Special Education Cluster (IDEA), including ARRA	Unmodified	\$0	2013-009 2013-013 2013-016
84.377 and 84.388	School Improvement Grants Cluster, including ARRA	Unmodified	\$0	2013-009 2013-013 2013-016 2013-035
84.048	Career and Technical Education - Basic Grants to States	Unmodified	\$0	2013-009 2013-013 2013-016
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Unmodified	\$0	2013-036
84.287	Twenty-First Century Community Learning Centers	Unmodified	\$0	2013-009 2013-012 2013-013 2013-016
84.367	Improving Teacher Quality State Grants	Unmodified	\$0	2013-009 2013-012 2013-013 2013-016 2013-017
93.044, 93.045, and 93.053	Aging Cluster	Unmodified	\$0	Not Applicable
93.558	TANF Cluster	Adverse	\$1,101,838	2013-001 2013-002 2013-003 2013-004 2013-005 2013-006 2013-015 2013-018 2013-037 2013-038 2013-039 2013-040 2013-041 2013-042 2013-043 2013-044 2013-045 2013-046 2013-047 2013-048
93.575 and 93.596	CCDF Cluster	Adverse	\$11,822	2013-001 2013-002 2013-006 2013-049 2013-050 2013-051 2013-052 2013-053
93.775, 93.777, and 93.778	Medicaid Cluster, including ARRA <i>(continued on next page)</i>	Qualified	\$5,861,139	2013-001 2013-002 2013-003 2013-004

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
	Medicaid Cluster, including ARRA <i>(continued)</i>			2013-006 2013-007 2013-008 2013-019 2013-020 2013-021 2013-054 2013-055 2013-056 2013-057 2013-058 2013-059 2013-060 2013-061 2013-062 2013-063 2013-064 2013-065 2013-066 2013-067 2013-068 2013-069 2013-070 2013-071
93.563	Child Support Enforcement	Unmodified	\$0	2013-006 2013-015 2013-018 2013-072
93.566	Refugee and Entrant Assistance - State Administered Programs	Qualified	\$41,597	2013-001 2013-002 2013-006 2013-007 2013-008 2013-018 2013-073 2013-074 2013-075 2013-076
93.568	Low-Income Home Energy Assistance	Qualified	\$1,781,491	2013-001 2013-002 2013-006 2013-015 2013-018 2013-077 2013-078 2013-079 2013-080 2013-081
93.658	Foster Care - Title IV-E, including ARRA	Unmodified	\$10,188	2013-004 2013-005 2013-006 2013-015 2013-082 2013-083 2013-084 2013-085 2013-086
93.659	Adoption Assistance, including ARRA <i>(continued on next page)</i>	Qualified	Undeterminable	2013-004 2013-005 2013-006

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
	Adoption Assistance, including ARRA <i>(continued)</i>			<u>2013-087</u> <u>2013-088</u>
93.667	Social Services Block Grant	Unmodified	\$0	<u>2013-004</u> <u>2013-005</u> <u>2013-006</u> <u>2013-015</u>
93.674	Chafee Foster Care Independence Program	Qualified	\$346,569	<u>2013-004</u> <u>2013-005</u> <u>2013-006</u> <u>2013-015</u> <u>2013-089</u> <u>2013-090</u> <u>2013-091</u>
93.994	Maternal and Child Health Services Block Grant to the States	Unmodified	\$0	<u>2013-006</u> <u>2013-007</u> <u>2013-008</u> <u>2013-014</u> <u>2013-019</u> <u>2013-020</u> <u>2013-021</u> <u>2013-092</u> <u>2013-093</u>
96.001	Disability Insurance/SSI Cluster	Qualified	\$297,184	<u>2013-094</u> <u>2013-095</u> <u>2013-096</u> <u>2013-097</u> <u>2013-098</u>
97.067	Homeland Security Grant Program	Unmodified	\$0	<u>2013-018</u>

Major Programs Audited by Others

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
14.871	Housing Voucher Cluster	Unmodified	\$0	Not Applicable
14.231	Emergency Solutions Grant Program	Unmodified	\$0	<u>2013-100</u>
14.239	Home Investment Partnerships Program	Unmodified	\$0	<u>2013-099</u> <u>2013-100</u>
17.225	Unemployment Insurance, including ARRA	Unmodified	\$23,034	<u>2013-101</u> <u>2013-102</u>

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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