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Office of the Auditor General

Report Summary

Report on Internal Control, Compliance, and Other Matters

State of Michigan Comprehensive Annual Financial Report (SOMCAFR)

State Budget Office

Fiscal Year Ended September 30, 2014

Report Number:
071-0010-15M

Released:
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Generally accepted government auditing standards require an auditor to report on internal control over financial reporting; compliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements; and other matters coming to the attention of the auditor during the completion of a financial audit. We are issuing this report in conjunction with our independent auditor's report on the *SOMCAFR* dated December 29, 2014.

Findings Related to Internal Control, Compliance, and Other Matters	Material Weakness	Significant Deficiency	Agency Preliminary Response
The Office of Financial Management (OFM), within the State Budget Office, in conjunction with State departments, should continue to improve internal control to ensure the validity and reasonableness of estimated receivable and payable amounts reported within the <i>SOMCAFR</i> (Finding 1).		X	Agree
OFM and the Department of Technology, Management, and Budget (DTMB) did not document their evaluation of key user controls, or their assessment of internal control exceptions identified by the third party service organization auditor, for the Michigan Administrative Information Network (MAIN). As a result, internal control weaknesses may exist that impair the effectiveness of MAIN's internal control (Finding 2).		X	Agree

Findings Related to Internal Control, Compliance, and Other Matters (Continued)	Material Weakness	Significant Deficiency	Agency Preliminary Response
The Michigan Department of Transportation (MDOT), in conjunction with OFM, did not have sufficient internal control in place to evaluate the dates of service when processing contractor payments and liquidating prior year accounts payable estimates. Consequently, construction expenditures may have been recorded in the wrong fiscal year (Finding 3).		X	Agree
The Michigan Department of Education (MDE), in conjunction with the Department of Human Services (DHS), did not have sufficient controls in place to ensure that the data used to record accounts receivable relating to Child Care Development Fund (CCDF) provider overpayments was accurate and complete (Finding 4).		X	Agree

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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