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Office of the Auditor General

Report Summary

*Report on Internal Control, Compliance, and
Other Matters
Self-Insurers' Security Fund, Workers'
Compensation Agency Funds Administration
Department of Licensing and Regulatory
Affairs
Calendar Year Ended December 31, 2014*

**Report Number:
641-0101-15**

**Released:
October 2015**

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 Self-Insurers' Security Fund's (SISF's) financial statements dated August 28, 2015.

Findings Related to Internal Control, Compliance, and Other Matters	Material Weakness	Significant Deficiency	Agency Preliminary Response
The Department of Licensing and Regulatory Affairs (LARA) did not have a process to ensure that it provided complete and accurate SISF claim data to the actuary. The SISF actuarially-determined future contingent liability was understated by approximately \$5.6 million (Finding #1).	X		Agrees
LARA did not have a process to ensure that it timely and accurately prepared SISF financial statements. LARA missed the March 31 reporting deadline and delayed the issuance of the 2015 assessments by approximately four months (Finding #2).	X		Agrees
LARA did not have a process to validate assessment revenue submitted by SISF private self-insured employers. As a result, LARA could not ensure that SISF received all assessment revenue that it was entitled to (Finding #3).		X	Agrees

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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