

## EXECUTIVE DIGEST

# DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

---

### INTRODUCTION

This report contains the results of our financial related audit\* of the Department of Military and Veterans Affairs for the period October 1, 1995 through September 30, 1997.

---

### AUDIT PURPOSE

This financial related audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial related audits are conducted at various intervals to permit the Auditor General to express an opinion of the State's financial statements. Also, this audit complements the departmentwide financial audit.

---

### BACKGROUND

The Department is responsible for training the Michigan National Guard to ensure military preparedness and for operating and maintaining military training sites and support facilities.

The Department is also responsible for addressing the needs of Michigan veterans through its operation of two State veterans' homes, which provide domiciliary and nursing care to aged and disabled military veterans. The

Department also administers the Michigan Veterans' Trust Fund, provides grant funding to veteran service organizations, and provides administrative support for the Vietnam Veterans' Memorial Monument Fund.

For fiscal years 1996-97 and 1995-96, the Department's total General Fund expenditures and operating transfers out were \$77.2 million and \$74.5 million respectively.

---

**AUDIT OBJECTIVES  
AND CONCLUSIONS**

**Audit Objective:** To assess the effectiveness\* of the Department's internal control structure\* over its financial operations.

**Conclusion:** We concluded that the Department's internal control structure over its financial operations was reasonably effective. However, our review disclosed reportable conditions\* related to incompatible user classes\*, payroll and personnel transactions, inventory controls, and member accounts (Findings 1 through 4).

**Audit Objective:** To assess the efficiency\* of the Department's internal control structure over its financial operations.

**Conclusion:** We concluded that the Department's internal control structure over its financial operations was reasonably efficient. However, our review disclosed a reportable condition related to procurement cards (Finding 5).

---

**AUDIT SCOPE**

Our audit scope was to examine the financial and other records of the General Fund operations of the Department of Military and Veterans Affairs for the period October 1, 1995 through September 30, 1997. Our audit

was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

---

**AGENCY RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report contains 5 findings and 7 corresponding recommendations. The agency's preliminary response indicated that the Department has complied or will comply with all of the recommendations.

The Department had complied with 11 of the 12 prior Single Audit\* recommendations included within the scope of our current audit.