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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

May 2, 2016

Dear Governor Snyder, Senators, and Representatives:

This letter provides information regarding the status of our audit projects that either began or transitioned into new audit phases during April 2016. Please refer to our website's [Work in Process](#) for a complete listing of ongoing projects. Although you will no longer receive individual letters reporting the start of audits or approved audit objectives, we would be pleased to discuss with you any interests or areas of concern you have with any of our ongoing projects.

Planning Phase – These are new projects. Typical activities include conducting: the audit entrance meeting; a preliminary survey to identify the audited entity's core activities; assessments of risks and corresponding controls to identify potential program or process improvements or deficiencies; interviews with management and staff, development of detailed audit objectives, and many other tasks.

Department	Audit Title and Type (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	Project Number
Corrections	Intake to Parole Process - (per)	471-0121-16
Health and Human Services	Selected Medicaid Managed Care and Fee-for-Service Payments, Medical Services Administration - (per)	391-0701-16
Health and Human Services	Rehabilitation Service Expenditures, Michigan Rehabilitation Services - (per)	431-0246-16
Licensing and Regulatory Affairs	Bureau of Services to Blind Persons - (per)	641-0230-16
State Police	Special Operations Division - (per)	551-0142-16
Talent and Economic Development	Renaissance Zone Program - (fol)	271-0425-11F
Technology, Management, and Budget	Statewide Accounts Receivable - (per)	071-0016-16
Technology, Management, and Budget	Records Management - (per)	071-0835-16
Transportation	Office of Aeronautics - (per)	591-0190-16

Audits Terminated – For these projects, after completing the planning phase, we concluded that significant risk did not exist to warrant additional use of audit resources or that extenuating circumstances supported the termination of the project. We issued a Preliminary Survey Summary to reflect this conclusion, distributed copies to management and select legislative members, and posted the summaries on our website.

Department	Audit Title and Type	Project Number
Transportation	Road and Bridge Construction Project Management - (per)	591-0360-16

Audit Fieldwork – Typical activities include: additional management and staff interviews; detailed testing of financial transactions, case files, information systems, and other documentation which support the entity's operations; status updates with management and staff; and other tasks.

Department	Audit Title and Type	Project Number
Natural Resources	Central Reservation System for Recreational Resources - (per)	751-0591-16
Approved Objectives:		
<ol style="list-style-type: none"> To assess the effectiveness of DNR's access controls over CRS. To assess the effectiveness of DNR's application controls over CRS. 		

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	State of Michigan Comprehensive Annual Financial Report (SOMCAFR) - Financial Audit for the Fiscal Year Ended September 30, 2016 - (fin)	071-0010-17
Approved Objectives:		
<ol style="list-style-type: none"> To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards. 		

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Statewide Change Management Controls - (per)	071-0520-16
Approved Objectives:		
<ol style="list-style-type: none"> To assess the sufficiency of DTMB's governance structure over change management processes related to the State's IT applications. To assess the effectiveness of DTMB's efforts to implement change management controls over the State's IT applications. 		

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Statewide Windows Active Directory Environments - (per)	071-0564-16
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the sufficiency of DTMB's governance over the State's Active Directory environments. 2. To assess the effectiveness of DTMB's efforts to implement security and access controls over the State's Active Directory environments. 3. To evaluate the effectiveness of DTMB's controls to add, modify, and delete Active Directory accounts. 		

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Information Technology Project Management - (per)	071-0585-16
Approved Objective:		
<ol style="list-style-type: none"> 1. To evaluate the effectiveness of DTMB's management of IT projects in accordance with its project management methodology. 		

Department	Audit Title and Type	Project Number
Treasury	Office of Privacy and Security Division - (per)	271-0160-16
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of OPS's efforts to administer access to select information systems and applications. 2. To assess the effectiveness of OPS's efforts to monitor business owners' compliance with select security guidelines. 		

Department	Audit Title and Type	Project Number
Treasury and State Police	Emergency 9-1-1 Fund - (fin)	271-0265-16
Approved Objectives:		
<ol style="list-style-type: none"> 1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America. 2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards. 		

Department	Audit Title and Type	Project Number
Treasury and Technology, Management, and Budget	Motor Fuel Tax Systems - (per)	271-0525-16
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of Treasury's efforts to enforce the Motor Fuel Tax Act. 2. To assess the sufficiency of Treasury's motor fuel tax refund processes. 3. To assess the effectiveness of DTMB and Treasury's general and application controls over the motor fuel tax systems. 4. To assess the sufficiency of DTMB and Treasury's oversight of the VISTA Fuel Tax Tracking and Compliance System contract. 5. To assess whether DTMB and Treasury sufficiently secured motor fuel tax and refund data. 		

Please note that some projects, particularly financial audits and follow-up reports, operate from pre-established audit objectives and, therefore, move directly to the audit fieldwork stage.

Report Preparation – Typical activities include: preparing the draft audit report, discussion of draft findings with the audited entity, receipt of the entity's preliminary responses to findings, and other tasks.

Department	Audit Title and Type	Project Number	Estimated Audit Release Date
Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund, Michigan Liquor Control Commission - (fin)	641-0161-16	May 2016

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Talent and Economic Development	Claimant Services, Unemployment Insurance Agency, Talent Investment Agency - (per)	641-0318-14	4/21/2016	1	7
State Police and Technology, Management, and Budget	Law Enforcement Information Network (LEIN) - (per)	551-0597-15	4/29/2016	0	4
Transportation	Office of Rail - (fol)	591-0195-14F	4/29/2016	0	0

Although we report this information to you on a monthly basis, we immediately correspond with management and staff as our projects transition through the various stages referenced above.

Please contact me or Laura Hirst, Deputy Auditor General, at (517) 334-8050 if you have questions regarding this summary or wish to discuss specific audit projects.

Sincerely,



Doug Ringler
Auditor General

c: J. Hankwitz
Agency Audit Liaisons
SBO-Office of Internal Audit Services