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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

August 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 July 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.

<u>Department</u>	<u>Audit Title and Type</u> (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	<u>Project Number</u>
Education	Virtual Education - (per)	313-0224-16
Education	Early On - (fol)	313-2000-12F
Military and Veterans Affairs	Grand Rapids Home for Veterans - (fol)	511-0170-15F
Transportation	Office of Economic Development - (fol)	591-0135-13F
Transportation	Measurement of State Highway Pavement Conditions - (per)	591-0300-16
Treasury	Unclaimed Property Division - (per)	271-0130-16

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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
None		

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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Corrections	Parole Eligibility Information Process - (per)	471-0121-16
Approved Objectives:		
1. To assess the effectiveness of DOC's process to identify prisoners eligible for parole.		
2. To assess the accuracy and completeness of prisoner information provided to the Parole Board.		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Health and Human Services	Michigan Rehabilitation Services - (per)	431-0246-16
Approved Objectives:		
1. To assess the effectiveness of MRS's efforts to ensure the propriety of service expenditures.		
2. To assess the sufficiency of MRS's customer complaint and appeals resolution process.		
3. To assess the sufficiency of MRS's efforts to monitor funding provided to Centers for Independent Living.		
4. To assess the effectiveness of MRS's efforts to ensure that it meets its outcome targets.		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Licensing and Regulatory Affairs	Bureau of Services for Blind Persons - (per)	641-0230-16
Approved Objectives:		
1. To assess the effectiveness of BSBP's efforts to provide services to eligible clients.		
2. To assess the sufficiency of BSBP's oversight of Business Enterprise Program (BEP) operators' financial reporting.		
3. To assess the effectiveness of BSBP's efforts to monitor and assist BEP operators in running profitable and well-managed vending facilities.		
4. To assess the effectiveness of BSBP's efforts to ensure that BEP equipment inventory is properly accounted for and safeguarded.		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Talent and Economic Development	Michigan Economic Growth Authority Tax Credit Program, Michigan Strategic Fund - (per)	186-0415-16
Approved Objectives:		
1. To assess the sufficiency of MSF's procedures to approve requests for MEGA tax credit certificates.		
2. To assess MSF's compliance with the <i>Michigan Compiled Laws</i> reporting requirements for its annual report to the Legislature.		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Transportation	Office of Aeronautics - (per)	591-0190-16
Approved Objectives:		
1. To assess the sufficiency of the Office of Aeronautics' oversight of the Airport Capital Improvement Program.		
2. To assess the effectiveness of the Office of Aeronautics' administration of community programs, air transportation services, and organizational functions.		

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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Estimated Audit Release Date</u>
Health and Human Services	Adult Protective Services - (fol)	431-2601-13F	August 2016

Audits Released

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Date Released</u>	<u>Number of</u>	
				<u>Material Weaknesses</u>	<u>Reportable Conditions</u>
Technology, Management, and Budget	Clarety, Office of Retirement Services - (per)	071-0521-15	07/01/2016	0	4
Transportation	Monitoring of Warranties and Road and Bridge Construction Projects - (fol)	591-0210-14F	07/27/2016	0	0
Statewide	Flint Emergency Expenditures - (per)	000-2016-16	07/29/2016	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: Agency Audit Liaisons
SBO-Office of Internal Audit Services

