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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

July 1, 2015

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 June 2015. 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
Environmental Quality	Waste Management and Radiological Protection - (per)	761-0330-15
Military and Veterans Affairs	Grand Rapids Home for Veterans - (per)	511-0170-15
Technology, Management, and Budget	Information Technology Contracting Practices - (per)	071-0510-15
Technology, Management, and Budget	Disaster Recovery and Business Continuity - (per)	071-0511-15
Technology, Management, and Budget	Office of Retirement Services - Clarety System - (per)	071-0521-15
Transportation	Safety and Security Administration - (per)	591-0163-15
Transportation	Office of Business Development - (per)	591-0350-15
Treasury	Portfolio Management and Investment Accounting System (Q2) - (per)	271-0585-15

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. When appropriate, 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
Corrections	Thumb Correctional Facility - (per)	471-0275-15
Health and Human Services	W.J. Maxey Boys Training School - (per)	431-0274-15
Transportation	Consultant Procurement Process - (per)	591-0211-15

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
Community Health	Home Health Services - (per)	391-0700-15

Approved Objectives:

1. To assess the sufficiency of MDHHS's administration of the Medicaid Home Health Service benefit.
2. To assess the effectiveness of MDHHS to ensure proper payment of Medicaid Fee-For-Service (FFS) Home Health Service claims.
3. To assess the appropriateness of the documentation supporting Home Health Services provided to Medicaid Health Plan (MHP) beneficiaries.

Department	Audit Title and Type	Project Number
Community Health	Children's Special Health Care Services - (per)	391-0724-15

Approved Objectives:

1. To assess the sufficiency of the department's oversight of services provided to individuals with special health care needs.
2. To assess the effectiveness of the department's efforts to ensure compliance with client eligibility requirements.
3. To assess the appropriateness of the department's establishment and enforcement of its fee structure.

Department	Audit Title and Type	Project Number
Corrections	Bellamy Creek Correctional Facility - (per)	471-0208-15
Approved Objective:		
1. To assess DOC's compliance with selected policies and procedures related to safety and security at the Bellamy Creek Correctional Facility.		

Department	Audit Title and Type	Project Number
Military and Veterans Affairs	Construction and Facilities Management Office - (per)	511-0200-15
Approved Objectives:		
1. To assess the effectiveness of CFMO in administering facility construction and maintenance projects.		
2. To assess the effectiveness of CFMO's efforts to monitor and maintain facilities.		

Department	Audit Title and Type	Project Number
State	Licensing and Regulation of Automotive - Related Businesses and Mechanics - (per)	231-0701-15
Approved Objectives:		
1. To assess the effectiveness of the department's processes for licensing or certifying automotive-related businesses and mechanics.		
2. To assess the effectiveness of the department's processes for regulating automotive-related businesses and mechanics.		

Department	Audit Title and Type	Project Number
Transportation	Traffic and Safety Section, Design Division - (per)	591-0162-15
Approved Objectives:		
1. To assess the section's efforts to ensure that it appropriately selected priority traffic and safety improvement projects.		
2. To assess the section's efforts to appropriately review highway construction design plans for the proper geometric features, pavement markings and delineation, and traffic signing.		
3. To assess the section's efforts to ensure the accuracy of performance measurements related to traffic and safety improvement activities.		

Department	Audit Title and Type	Project Number
Transportation	Office of Passenger Transportation - (per)	591-0180-15
Approved Objectives:		
1. To assess the effectiveness of OPT's efforts to appropriately distribute grants to transportation providers.		
2. To assess the effectiveness of OPT's efforts to appropriately monitor grants to transportation providers.		
3. To assess the effectiveness of OPT's efforts to regulate motor bus and limousine carriers.		

Department	Audit Title and Type	Project Number
Treasury	Michigan Finance Authority - (fin)	271-0340-16
Approved Objectives:		
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.		

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
Community Health	Selected Contracts and Grant Agreements - (per)	391-0135-14	July 2015
Treasury	Emergency 9-1-1 Fund, Department of Treasury and Department of State Police - (fin)	271-0265-15	July 2015
Licensing and Regulatory Affairs	Regulation of Nursing Homes - (per)	641-0451-15	August 2015
Technology, Management, and Budget	Procurement Card Program - (per)	071-0705-15	August 2015

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Licensing and Regulatory Affairs	Unemployment Insurance Agency - Administration Fund - Single Audit Report for the Fiscal Year Ended September 30, 2014 - (con)	NA	6/22/2015	NA	NA
Licensing and Regulatory Affairs	Unemployment Insurance Agency - Unemployment Compensation Fund - Single Audit Report for the Fiscal Year Ended September 30, 2014 - (con)	NA	6/22/2015	NA	NA
Treasury	Michigan State Housing Development Authority - Single Audit Report for the Fiscal Year Ended June 30, 2014 - (con)	NA	6/22/2015	NA	NA
Statewide	2014 Statewide Single Audit - (sa)	000-0100-15	6/22/2015	23	70
Technology, Management, and Budget	Independent Accountant's Review Report, Revenue Subject to Constitutional Limitation (FY 2013-2014) - (fin)	071-0030-15	6/23/2015	0	0
Technology, Management, and Budget	Independent Accountant's Review Report, Proportion of Total State Spending from State Sources (FY 2013-2014) - (fin)	071-0031-15	6/23/2015	0	0
Universities	State Public Universities' Reporting of Selected Higher Education Institutional Data Inventory (HEIDI) Data, State Budget Office - (per)	331-0300-15	6/23/2015	0	0
Health and Human Services	Protective Services Centralized Intake Unit - (per)	431-1287-14	6/25/2015	0	3
Treasury	Bureau of State Lottery - Financial Report for the six-month period ended March 31, 2015 - (con)	NA	6/30/2015	NA	NA

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