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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

June 1, 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 May 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
Agriculture and Rural Development	Bottled Water Regulation - (per)	791-0225-16
Health and Human Services	Medicaid Ambulance, Dental, and Emergency Room Claims - (per)	391-0716-16
Health and Human Services	Michigan State Disbursement Unit, Office of Child Support - (per)	431-0142-16
Talent and Economic Development	Michigan Economic Growth Authority Tax Credit Program, Michigan Strategic Fund - (per)	186-0415-16
Talent and Economic Development	Collection of Delinquent Unemployment Taxes and Reimbursements - Unemployment Insurance Agency - (fol)	641-0316-11F

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
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.

Department	Audit Title and Type	Project Number
Health and Human Services	Walter P. Reuther Psychiatric Hospital - (per)	391-0230-16
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of the hospital's efforts to timely conduct required patient assessments and notifications for admissions, medication changes, and discharges. 2. To assess the effectiveness of the hospital's efforts to provide for the safety and security of patients and staff. 3. To assess the effectiveness of the hospital's administration of pharmaceuticals. 4. To assess the effectiveness of the hospital's maintenance efforts. 5. To assess the effectiveness of the hospital's efforts to control and safeguard supplies. 		

Department	Audit Title and Type	Project Number
Health and Human Services	Statewide Child Support Program - (per)	431-0701-15
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the Child Support Program's compliance with selected State and federal requirements for establishing child support orders. 2. To assess the sufficiency of the Child Support Program's efforts to enforce child support orders. 3. To assess the effectiveness of the Office of Child Support's oversight and administration of the Child Support Program. 		

Department	Audit Title and Type	Project Number
Military and Veterans Affairs	D. J. Jacobetti Home for Veterans - (per)	511-0160-16
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the sufficiency of the Home's provision of member care services. 2. To assess the effectiveness of the Home's administration of pharmaceuticals. 3. To assess the effectiveness of the Home's management of complaints and incidents regarding member care. 4. To assess the sufficiency of the Home's controls over collection of assessments, donations, and member funds. 		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Technology, Management, and Budget	Independent Accountant's Review Report, Revenue Subject to Constitutional Limitation (FY 2014-2015) - (fin)	071-0030-16
Approved Objective:		
1. To obtain limited assurance that there are no material modifications that should be made to the Statement of Revenue Subject to Constitutional Limitation - Legal Basis for it to be in compliance with the applicable sections of the <i>Michigan Compiled Laws</i> and Michigan Constitution.		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Technology, Management, and Budget	Independent Accountant's Review Report, Proportion of Total State Spending from State Sources (FY 2014-2015) - (fin)	071-0031-16
Approved Objective:		
1. To obtain limited assurance that there are no material modifications that should be made to the Statement of the Proportion of Total State Spending from State Sources Paid to Local Units of Government - Legal Basis for it to be in compliance with the applicable sections of the <i>Michigan Compiled Laws</i> and Michigan Constitution.		

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>
Statewide	2015 Statewide Single Audit - (sa)	000-0100-16	June 2016
Environmental Quality	Great Lakes Water Quality Bond Fund Expenditures - (per)	761-0400-16	June 2016
Higher Education	State Public Universities' Reporting of Selected Higher Education Institutional Data Inventory (HEIDI) Data, State Budget Office - (per)	331-0300-16	June 2016
Technology, Management, and Budget	Independent Accountant's Review Report, Revenue Subject to Constitutional Limitation (FY 2014-2015) - (fin)	071-0030-16	June 2016
Transportation	Office of Business Development - (per)	591-0350-16	June 2016
State Police	Commercial Vehicle Enforcement Division - (per)	551-0144-15	July 2016

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Corrections	Substance Abuse Services - (per)	471-0360-15	5/3/2016	1	1
Talent and Economic Development	Michigan Strategic Fund - (fin)	271-0401-16	5/3/2016	0	2
Talent and Economic Development	Michigan Economic Development Corporation - (fin)	271-0406-16	5/3/2016	0	2
Health and Human Services	Adult Foster Care and Camps Licensing Division - (fol)	431-5115-14F	5/4/2016	1	0
Health and Human Services	Home Health Services - (per)	391-0700-15	5/5/2016	0	2
Treasury	Investment-Related Systems, Bureau of Investments - (per)	271-0585-15	5/13/2016	0	3

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