



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

October 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 September 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 |
|------------|---|-------------------|
| None | | |

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 |
|--|------------------------------------|-----------------------|
| Corrections | Oaks Correctional Facility - (per) | 471-0222-15 |
| Approved Objective: | | |
| 1. To assess the Department of Corrections' (DOC's) compliance with selected policies and procedures related to safety and security at the Oaks Correctional Facility. | | |

| Department | Audit Title and Type | Project Number |
|---|---------------------------------|-----------------------|
| Corrections | Prisoner Transportation - (per) | 471-0390-15 |
| Approved Objective: | | |
| 1. To assess the efficiency and effectiveness of DOC's efforts to manage prisoner transportation costs. | | |

| Department | Audit Title and Type | Project Number |
|--|---|-----------------------|
| Environmental Quality | Office of Drinking Water and Municipal Assistance - (per) | 761-0320-15 |
| Approved Objectives: | | |
| 1. To assess the sufficiency of ODWMA's oversight of the State's drinking water supply and environmental health programs. | | |
| 2. To assess the sufficiency of ODWMA's monitoring of local health departments' efforts to complete inspections and observe the activities of campgrounds, public swimming pools, septic systems, and septage operators. | | |
| 3. To assess the adequacy of program fees to cover the cost of monitoring public water, well construction, and environmental health programs. | | |

| Department | Audit Title and Type | Project Number |
|--|---|-----------------------|
| Talent and Economic Development | Single Audit of the Unemployment Insurance Agency - Administration Fund for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Talent and Economic Development | Single Audit of the Unemployment Insurance Agency - Unemployment Compensation Fund for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Talent and Economic Development | Single Audit of the Michigan State Housing Development Authority for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Approved Objective: | | |
| 1. To issue a report on compliance for each major program, internal control over compliance, and the schedule of expenditures of federal awards as required by OMB Circular A-133. | | |

| Department | Audit Title and Type | Project Number |
|------------------------------------|--|-----------------------|
| Talent and Economic Development | Unemployment Insurance Agency - Administration Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Talent and Economic Development | Unemployment Insurance Agency - Unemployment Compensation Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Talent and Economic Development | Unemployment Insurance Agency - Contingent Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Talent and Economic Development | Unemployment Insurance Agency - Obligation Trust Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Talent and Economic Development | Michigan State Housing Development Authority - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Technology, Management, and Budget | State Building Authority - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Technology, Management, and Budget | State Sponsored Group Insurance Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Technology, Management, and Budget | Retirement Systems - Financial Report for the Fiscal Year Ended September 20, 2015 - (fin) | 071-0150-16 |
| Technology, Management, and Budget | State of Michigan Deferred Compensation Plans - Financial Report for the Fiscal Year Ended September 30, 2015 - (fin) | 071-0156-16 |
| Transportation | Mackinac Bridge Authority - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Treasury | Bureau of State Lottery - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |
| Treasury | Michigan Education Savings Program - Financial Report for the Fiscal Year Ended September 30, 2015 - (con) | NA |

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.

| Department | Audit Title and Type | Project Number |
|---|---|-----------------------|
| Natural Resources | Commercial Forest Program and the Forest Development Fund - (per) | 751-0152-15 |
| Approved Objectives: | | |
| 1. To assess the effectiveness of the Forest Resources Division's efforts to monitor landowner compliance with State laws, rules, and regulations related to the Commercial Forest Program. | | |
| 2. To assess the Department of Natural Resources' compliance with State laws, rules, and regulations for expenditures from the Forest Development Fund. | | |

| Department | Audit Title and Type | Project Number |
|--|--|-----------------------|
| Transportation | Office of Business Development - (per) | 591-0350-15 |
| Approved Objectives: | | |
| 1. To assess the sufficiency of OBD's efforts to ensure compliance with DBE Program certification requirements. | | |
| 2. To assess the sufficiency of OBD's efforts to ensure compliance with the OJT Program requirements. | | |
| 3. To assess the effectiveness of OBD's efforts to ensure that contractors are in compliance with EEO program regulations. | | |

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 |
|--|--|-----------------------|-------------------------------------|
| Military and Veterans Affairs | Construction and Facilities Management Office - (per) | 511-0200-15 | October 2015 |
| Technology, Management, and Budget and Talent and Economic Development | Unemployment Insurance Agency, Michigan Integrated Data Automated System (MiDAS) - (per) | 641-0593-15 | November 2015 |
| Technology, Management, and Budget | Real Estate Division - (per) | 071-0126-15 | November 2015 |
| Technology, Management, and Budget | Statewide UNIX Security Controls - (per) | 071-0563-15 | November 2015 |
| Transportation | Traffic and Safety Section, Design Division - (per) | 591-0162-15 | November 2015 |

Audits Released

| Department | Audit Title and Type | Project Number | Date Released | Number of | |
|------------------------------------|--|----------------|---------------|---------------------|-----------------------|
| | | | | Material Weaknesses | Reportable Conditions |
| Health and Human Services | Selected Community Health-Related Contracts and Grants - (per) | 391-0135-14 | 9/4/2015 | 0 | 2 |
| Licensing and Regulatory Affairs | Regulation of Nursing Homes - (per) | 641-0451-15 | 9/4/2015 | 0 | 2 |
| Technology, Management, and Budget | Procurement Card Program - (per) | 071-0705-15 | 9/8/2015 | 1 | 4 |

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