



2011

2011 ANNUAL REPORT

MICHIGAN OFFICE OF THE
AUDITOR GENERAL

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

*- Article IV, Section 53 of the
Michigan Constitution*



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

September 30, 2011

The Honorable Rick Snyder, Governor of Michigan
The Honorable Randy Richardville, Senate Majority Leader
The Honorable Jase Bolger, Speaker of the House
The Honorable Gretchen E. Whitmer, Senate Minority Leader
The Honorable Richard E. Hammel, House Minority Leader
and
Members of the 96th Legislature

Ladies and Gentlemen:

This annual report on the operations of the Michigan Office of the Auditor General covers the fiscal year ended September 30, 2011 and is submitted in accordance with Article IV, Section 53 of the Michigan Constitution.

Our annual reports for fiscal years ending with odd numbers are submitted in an abbreviated format as letter reports, which is the format for this report. Annual reports for fiscal years ending with even numbers are submitted in our traditional format and contain information about our office and the audit reports completed during the fiscal year. Copies of this letter report and of our annual report for the fiscal year ended September 30, 2010 can be found on our Internet web site. Our web site also includes copies of our audit reports.

The Office of the Auditor General has the responsibility, as stated in Article IV, Section 53 of the Michigan Constitution, to conduct post financial and performance audits of State government operations. In addition, certain sections of the *Michigan Compiled Laws* contain specific audit requirements in conformance with the constitutional mandate. To fulfill our requirements and to continually meet our customer needs, we are committed to improving the quality of our audit services and reports and communicating our results to all of the branches of State government, as well as to the citizens of Michigan.

The core strength of our office continues to be the quality of our staff. There is continuing competition from the private sector for new auditors, as well as a demand for trained professionals throughout State government. We continue to use innovative strategies to employ and retain highly motivated, skilled, and dedicated staff. The Office of the Auditor General is committed to providing the Legislature and other interested parties with accurate and reliable information, and the key factors in achieving this commitment are the competency and professionalism of our staff.

Sincerely,

A handwritten signature in black ink, reading "Thomas H. McTavish", enclosed in a rectangular box.

Thomas H. McTavish, C.P.A.
Auditor General

Office of the Auditor General Reports and Other Information

An audit report and its supporting evidence are considered confidential until the report's official release to the Legislature, the general public, and the press. Once a report has been released, it is public information and, as such, is available upon request.

Reports or information about our office can be found on our Internet web site at [<http://audgen.michigan.gov>](http://audgen.michigan.gov) or can be obtained as follows:

- By written request directed to:

Office of the Auditor General
Victor Center, Sixth Floor
201 N. Washington Square
Lansing, Michigan 48913

- By telephone at (517) 334-8050
- By FAX at (517) 334-8079 (please include your name, address, and the specific reports or other desired information in your request).

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
During Fiscal Year 2010-11

* Letter report.
R Audit required by law.
N/A Not applicable.

Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
AGRICULTURE, MICHIGAN DEPARTMENT OF				
791-0100-11	<p>Michigan Department of Agriculture - R</p> <p>The audit included an unqualified opinion on the Michigan Department of Agriculture's financial schedules. It did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses. However, it did identify a significant deficiency. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 8 programs as major programs and identified known questioned costs of \$108,612. The Department expended a total of \$17.0 million in federal awards during the two-year period ended September 30, 2010. The audit included 8 unqualified opinions on the Department's compliance with major federal program requirements. The audit did not identify any deficiencies in internal control over federal program compliance that are considered to be material weaknesses. However, it did identify significant deficiencies. The audit also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>	Single	5	1
791-0360-11	<p>Farm Produce Insurance Authority (A Discretely Presented Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Farm Produce Insurance Authority's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
ATTORNEY GENERAL, DEPARTMENT OF				
111-0100-11	<p>Department of Attorney General - R</p> <p>The audit included an unqualified opinion on the Department of Attorney General's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 1 program as a major program and included an unqualified opinion on the Department's compliance with major federal program requirements. The Department expended a total of \$7.5 million in federal awards during the two-year period ended September 30, 2010. The audit did not report any findings related to internal control over federal program compliance. It also did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>	Single	0	0
CIVIL RIGHTS, DEPARTMENT OF				
151-0100-11	<p>Department of Civil Rights - R</p> <p>The audit included an unqualified opinion on the Department of Civil Rights' financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 2 programs as major programs and included 2 unqualified opinions on the Department's compliance with major federal program requirements. The Department expended a total of \$4.0 million in federal awards during the two-year period ended September 30, 2010. It did not report any findings related to internal control over federal program compliance. It also did not identify any instances</p>	Single	0	0

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	<p>of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>			
COMMUNITY HEALTH, DEPARTMENT OF				
391-0135-08	<p>Selected Service-Related Contracts and Grant Agreements</p> <p>The audit concluded that the Department of Community Health's efforts to ensure that selected service-related contracts and grant agreements contained comprehensive service descriptions, detailed budgets, performance criteria, and monitoring provisions were moderately effective. It noted two reportable conditions. The audit also concluded that the Department's efforts to ensure that it awarded selected service-related contracts and grant agreements on a fair and competitive basis were moderately effective. It noted two reportable conditions. In addition, the audit concluded that the Department's efforts to monitor and evaluate the performance of selected contractors and grantees were moderately effective. It noted one reportable condition.</p>	Performance	5	0
391-0220-10	<p>Kalamazoo Psychiatric Hospital, Bureau of Hospitals, Centers, and Forensic Mental Health Services</p> <p>The audit concluded that the Kalamazoo Psychiatric Hospital (KPH) was moderately effective in its efforts to deliver selected patient care services. It noted one material condition and three reportable conditions. The audit also concluded that KPH's efforts were moderately effective in safeguarding and efficiently using selected resources. It noted one reportable condition. In addition, the audit concluded that KPH was not effective in its efforts to investigate and resolve complaints about its operations. It noted one material condition.</p>	Performance	6	0

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
During Fiscal Year 2010-11

Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
CORRECTIONS, DEPARTMENT OF				
471-0221-10	Newberry Correctional Facility The audit concluded that the Newberry Correctional Facility's efforts to comply with selected policies and procedures related to safety and security were moderately effective. It noted eight reportable conditions.	Performance	9	0
471-0232-10	Ryan Correctional Facility The audit concluded that the Ryan Correctional Facility's efforts to comply with selected policies and procedures related to safety and security were moderately effective. It noted seven reportable conditions.	Performance	7	0
471-0249-11	St. Louis Correctional Facility The audit concluded that the Department of Corrections' efforts to comply with selected policies and procedures related to safety and security at the St. Louis Correctional Facility were moderately effective. It noted 10 reportable conditions.	Performance	15	0
471-0253-10	Mound Correctional Facility The audit concluded that the Mound Correctional Facility's efforts to comply with selected policies and procedures related to safety and security were moderately effective. It noted eight reportable conditions.	Performance	3	5
471-0325-09L	Pharmaceutical Costs The audit concluded that the Department of Corrections' (DOC's) efforts to manage prisoner pharmaceutical costs were not effective. It noted three material conditions and six reportable conditions. The audit also concluded that DOC's efforts to control and safeguard prisoner pharmaceuticals were not effective. It noted one material condition and four reportable conditions.	Performance	14	2

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
During Fiscal Year 2010-11

Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
EDUCATION, MICHIGAN DEPARTMENT OF				
313-0140-10	Office of Professional Preparation Services The audit concluded that the Office of Professional Preparation Services (OPPS) was not effective in the monitoring of teachers' professional development requirements and was effective in the monitoring of teachers' continuing education requirements. It noted one material condition and one reportable condition. The audit also concluded that OPPS's efforts were effective in ensuring that K-12 classes were taught by qualified teachers. However, it noted four reportable conditions.	Performance	7	1
ENERGY, LABOR & ECONOMIC GROWTH, DEPARTMENT OF				
Note: Executive Order No. 2011-4, effective April 23, 2011, renamed the Department of Energy, Labor & Economic Growth as the Department of Licensing and Regulatory Affairs and abolished the Department of Energy, Labor & Economic Growth.				
641-0100-11	Department of Energy, Labor & Economic Growth - R The audit included an unqualified opinion on the Department of Energy, Labor & Economic Growth's (DELEG's) financial schedules. It did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses. However, it did identify significant deficiencies. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered 15 programs (including 9 ARRA related programs) as major programs and identified known questioned costs of \$24.0 million. DELEG expended \$1.3 billion in federal awards, including \$211.0 million of ARRA funding, during the two-year period ended September 30, 2010. The audit included 14 unqualified opinions and 1 qualified opinion on DELEG's compliance with major federal program requirements. The audit identified material weaknesses and significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S.	Single	14	2

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	Office of Management and Budget (OMB) Circular A-133. The audit determined that DELEG was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i> . The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.			
641-0315-10	Unemployment Insurance Benefit Overpayments and Nonmonetary Eligibility Determinations, Unemployment Insurance Agency The audit concluded that the Unemployment Insurance Agency's (UIA's) efforts to prevent, detect, and recover unemployment insurance benefit overpayments were not effective. It noted two material conditions and five reportable conditions. The audit also concluded that UIA's efforts to complete nonmonetary eligibility determinations in a timely manner were not effective. It noted three reportable conditions.	Performance	14	0

ENVIRONMENTAL QUALITY, DEPARTMENT OF

Note: Executive Order No. 2011-1, effective March 13, 2011, created the Department of Environmental Quality and abolished the Department of Natural Resources and Environment. Audit reports issued before March 13, 2011 can be located under the NATURAL RESOURCES AND ENVIRONMENT heading.

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
HISTORY, ARTS AND LIBRARIES, DEPARTMENT OF				
<p>Note: Executive Order No. 2009-36 transferred all of the authority, powers, duties, functions, responsibilities, records, personnel, property, equipment, and budgetary resources of the Department of History, Arts and Libraries to various State departments and agencies by Type I, II, and III transfers, effective October 1, 2009, and abolished the Department.</p>				
251-0100-10	Department of History, Arts and Libraries - R	Single	5	0
	<p>The audit included an unqualified opinion on the Department of History, Arts and Libraries' (HAL's) financial schedules. It identified significant deficiencies in internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. However, it did identify other instances of noncompliance. The audit covered 3 programs (including 1 ARRA related program) as major programs and included 3 unqualified opinions on HAL's compliance with major federal program requirements. The audit identified known questioned costs of \$7,207 and known and likely questioned costs totaling \$131,827. HAL expended a total of \$7.5 million in federal awards, including \$345,100 of ARRA funding during the one-year period ended September 30, 2009. The audit identified significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that HAL was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i>. However, the audit identified deficiencies related to Section 18.1485.</p>			

MICHIGAN OFFICE OF THE AUDITOR GENERAL
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
HUMAN SERVICES, DEPARTMENT OF				
431-0100-11	<p>Department of Human Services - R</p> <p>The audit included unqualified opinions on the Department of Human Services' (DHS's) financial schedules and on the financial statements of the Children's Trust Fund. It did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses. However, it did identify significant deficiencies. The audit did not identify any instances of noncompliance or other matters applicable to the financial schedules and/or financial statements that are required to be reported under <i>Government Auditing Standards</i>. However, it did identify other noncompliance. The audit covered 13 programs as major programs and identified known questioned costs of \$396.7 million. DHS expended a total of \$9.4 billion in federal awards, including \$347.2 million of ARRA funding, during the two-year period ended September 30, 2010. The audit included 7 unqualified opinions, 4 qualified opinions, and 2 adverse opinions on DHS's compliance with major federal program requirements. The audit identified material weaknesses and significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that DHS was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>	Single	8	11
431-0110-05F	<p>Human Service Contracting</p> <p>The follow-up of 4 material conditions and 4 corresponding recommendations reported in the performance audit of Human Service Contracting (431-0110-05) disclosed that the Department of Human Services had complied with 2 recommendations and had not complied with 2 recommendations. The follow-up concluded that material conditions exist related to 2 findings and 2 corresponding recommendations.</p>	Performance	0	2

MICHIGAN OFFICE OF THE AUDITOR GENERAL
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
431-0142-10	Michigan State Disbursement Unit, Office of Child Support The audit concluded that the Michigan State Disbursement Unit's efforts in monitoring its service provider's collection and disbursement of child support remittances were effective. However, it noted four reportable conditions. The audit also concluded that the Office of Child Support's efforts in monitoring the accuracy and completeness of the bank accounts used to account for child support activities were effective.	Performance	4	0
431-0450-10	Oversight of Local Accounting System Replacement (LASR) Payment Processing, Division of Financial Management, Bureau of Accounting The audit concluded that the Division of Financial Management's efforts to ensure appropriate user access to LASR were not effective. It noted one material condition and one reportable condition. The audit also concluded that the Division's efforts to monitor local offices' use of LASR to process payments were moderately effective. It noted one material condition and four reportable conditions.	Performance	8	0
431-0591-10	Selected Application Controls of the Bridges Integrated Automated Eligibility Determination System The audit concluded that the Department of Human Services (DHS), Department of Community Health (DCH), and Department of Technology, Management & Budget's (DTMB's) efforts to ensure that selected data edits are functioning in Bridges were moderately effective. It noted two reportable conditions. The audit also concluded that DHS, DCH, and DTMB's selected access controls over Bridges were moderately effective. It noted two reportable conditions.	Performance	4	0
431-0592-10	Project Management of the Bridges Integrated Automated Eligibility Determination System The audit concluded that the Department of Human Services (DHS), Department of Community Health (DCH), and Department of Technology, Management & Budget's (DTMB's) efforts at establishing an effective organizational structure over Bridges were not effective. It noted two material conditions. The audit also concluded that DHS, DCH, and DTMB's efforts in assessing whether the Bridges project achieved the goals and objectives	Performance	3	0

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	defined by the Departments were not effective. It noted one material condition. In addition, the audit provided a summary of the development and maintenance costs of Bridges.			
JUDICIARY				
950-0150-11	State-Funded Judicial Operations - R The audit included an unqualified opinion on the State-funded judicial operations' financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered 5 programs (including 1 ARRA related program) as major programs and identified known questioned costs of \$133,296 and known and likely questioned costs totaling \$199,484. The State-funded judicial operations expended a total of \$8.9 million in federal awards, including \$577,523 of ARRA funding, during the two-year period ended September 30, 2010. The audit included 2 unqualified opinions and 3 qualified opinions on the State-funded judicial operations' compliance with major federal program requirements. The audit identified material weaknesses and significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.	Single	5	0
LEGISLATURE				
900-0140-11	Michigan Legislative Retirement System The audit included an unqualified opinion on the Michigan Legislative Retirement System financial statements. It identified a significant deficiency in internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	1	0

MICHIGAN OFFICE OF THE AUDITOR GENERAL
 Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
MILITARY AND VETERANS AFFAIRS, DEPARTMENT OF				
511-0160-10	D.J. Jacobetti Home for Veterans The audit concluded that the D.J. Jacobetti Home for Veterans' efforts to deliver required patient care services were effective. However, it noted three reportable conditions. The audit also concluded that the Home's efforts to control member medications were moderately effective. It noted one reportable condition. In addition, the audit concluded that the Home's efforts in managing member admissions, financial assessments, and donated funds were effective. However, it noted four reportable conditions.	Performance	7	1
NATURAL RESOURCES, DEPARTMENT OF				
Note: Executive Order No. 2011-1, effective March 13, 2011, created the Department of Natural Resources and abolished the Department of Natural Resources and Environment.				
751-0156-10	Recreational Watercraft Access and Harbor Development Activities The audit concluded that the Department of Natural Resources' (DNR's) process was effective for identifying and was not effective for funding recreational watercraft access and harbor development projects. It noted one material condition and one reportable condition. The audit also concluded that DNR was moderately effective in its efforts to monitor the construction and maintenance of recreational watercraft access and harbor development projects. It noted two reportable conditions. In addition, the audit concluded that DNR was effective and efficient in its efforts to administer the restricted funds for recreational watercraft access and harbor development activities. However, it noted one reportable condition.	Performance	8	1

MICHIGAN OFFICE OF THE AUDITOR GENERAL
 Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	<p>NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF</p> <p>Note: Executive Order No. 2011-1, effective March 13, 2011, created the Department of Environmental Quality and the Department of Natural Resources and abolished the Department of Natural Resources and Environment. Audit reports issued before March 13, 2011 can be located under the NATURAL RESOURCES AND ENVIRONMENT heading.</p>			
761-0217-10	<p>Clean Michigan Initiative Environmental Protection Programs</p> <p>The audit concluded that the Department of Natural Resources and Environment's (DNRE's) efforts to ensure compliance with Clean Michigan Initiative (CMI) laws and regulations related to allowable funding uses were effective. The audit also concluded that DNRE's efforts to establish and evaluate the achievement of program goals for CMI-funded environmental protection programs were effective.</p>	Performance	0	0
761-0590-05F	<p>Selected General and Application Controls</p> <p>The follow-up of 2 material conditions and 2 corresponding recommendations reported in the performance audit of Selected General and Application Controls (761-0590-05) disclosed that the Department of Natural Resources and Environment and the Department of Technology, Management & Budget had complied with 1 recommendation and had partially complied with 1 recommendation. The follow-up concluded that a reportable condition exists related to 1 finding and 1 corresponding recommendation.</p>	Performance	0	1

MICHIGAN OFFICE OF THE AUDITOR GENERAL
Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
STATE, DEPARTMENT OF				
231-0100-11	<p>Department of State - R</p> <p>The audit included an unqualified opinion on the Department of State's financial schedules. It did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses. However, it did identify a significant deficiency. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. However, it did identify other noncompliance. The audit covered 2 programs as major programs and included 2 unqualified opinions on the Department's compliance with major federal program requirements. The Department expended a total of \$12.1 million in federal awards during the two-year period ended September 30, 2010. The audit did not identify any deficiencies in internal control over federal program compliance that are considered to be material weaknesses. However, it did identify a significant deficiency. It did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>	Single	1	2
231-0220-10	<p>Selected Activities of the Bureau of Regulatory Services</p> <p>The audit concluded that the Bureau of Regulatory Services' (BRS's) efforts to ensure that driver education instructors and examiners are qualified to instruct and test driver education students were moderately effective. It noted two reportable conditions. The audit also concluded that BRS's efforts to ensure that high-risk drivers comply with the State's driver licensing requirements were moderately effective. It noted one reportable condition. In addition, the audit concluded that BRS's efforts to limit access to licensing data to ensure data security were moderately effective. It noted one reportable condition.</p>	Performance	5	0

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Audit and Letter Reports Completed
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	TECHNOLOGY, MANAGEMENT & BUDGET, DEPARTMENT OF			
071-0010-11	State of Michigan Comprehensive Annual Financial Report, State Budget Office, Fiscal Year 2009-10 - R	Financial	10	3
071-0030-11	* Review of Revenue Subject to Constitutional Limitation (Legal Basis) of the State of Michigan (Article IX, Section 26 and Section 33), Fiscal Year 2009-10 - R	Financial	N/A	N/A
071-0031-11	* Review of Proportion of Total State Spending From State Sources Paid to Units of Local Government (Legal Basis) of the State of Michigan (Article IX, Section 30), Fiscal Year 2009-10 - R	Financial	N/A	N/A
071-0100-11	Department of Technology, Management & Budget - R The audit included an unqualified opinion on the Department of Technology, Management & Budget's (DTMB's) financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered one cluster (including 2 ARRA related programs) as a major program and included an unqualified opinion on DTMB's compliance with major federal program requirements. DTMB expended \$359.3 million in federal awards, including \$358.2 million of ARRA funding, during the two-year period ended September 30, 2010. The audit did not report any findings related to internal control over federal program compliance. It also did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that DTMB was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i> . The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.	Single	0	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
071-0143-11 and 071-0143-11M	<p>State Sponsored Group Insurance Fund, Department of Technology, Management & Budget, Civil Service Commission, and Office of the State Employer - R</p> <p>The audit included an unqualified opinion on the State Sponsored Group Insurance Fund financial statements. In accordance with <i>Government Auditing Standards</i>, we also issued a report on our consideration of the State Sponsored Group Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.</p> <p>The audit identified significant deficiencies in internal control over financial reporting. However, it did not consider these significant deficiencies to be material weaknesses. The audit did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	3	0
071-0151-11M	<p>Michigan State Employees' Retirement System - R</p> <p>The audit included an unqualified opinion on the Michigan State Employees' Retirement System financial statements. In accordance with <i>Government Auditing Standards</i>, we also issued a report on our consideration of the Michigan State Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.</p> <p>The audit identified a significant deficiency in internal control over financial reporting. However, it did not consider the significant deficiency to be a material weakness. The audit did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	1	0
071-0152-11M	<p>Michigan Public School Employees' Retirement System - R</p> <p>The audit included an unqualified opinion on the Michigan Public School Employees' Retirement System financial statements. In accordance with <i>Government Auditing Standards</i>, we also issued a report on our consideration of the Michigan Public School Employees' Retirement System's internal control over financial reporting and on</p>	Financial	1	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	<p>our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.</p> <p>The audit identified a significant deficiency in internal control over financial reporting. However, it did not consider the significant deficiency to be a material weakness. The audit did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>			
071-0153-11M	<p>* Michigan Judges' Retirement System - R</p> <p>The audit included an unqualified opinion on the Michigan Judges' Retirement System financial statements. In accordance with <i>Government Auditing Standards</i>, we also issued a report on our consideration of the Michigan Judges' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.</p> <p>The audit did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
071-0154-11M	<p>Michigan State Police Retirement System - R</p> <p>The audit included an unqualified opinion on the Michigan State Police Retirement System financial statements. In accordance with <i>Government Auditing Standards</i>, we also issued a report on our consideration of the Michigan State Police Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.</p> <p>The audit identified a significant deficiency in internal control over financial reporting. However, it did not consider the significant deficiency to be a material weakness. The audit did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	1	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
071-0155-11	<p>State of Michigan 457 Plan - R</p> <p>The audit included an unqualified opinion on the State of Michigan 457 Plan's basic financial statements. It identified a material weakness in internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	1	0
071-0156-11	<p>State of Michigan 401K Plan - R</p> <p>The audit included an unqualified opinion on the State of Michigan 401K Plan's basic financial statements. It identified a material weakness in internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	1	0
071-0182-11	<p>State Building Authority (A Blended Component Unit of the State of Michigan) - R</p> <p>The audit included unqualified opinions on the State Building Authority's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
071-0594-09	<p>Michigan Administrative Information Network (MAIN) Security, State Budget Office and Department of Technology, Management & Budget</p> <p>The audit concluded that the Office of Financial Management (OFM) and the Department of Technology, Management & Budget's (DTMB's) security management controls for MAIN were moderately effective. It noted one material condition and four reportable conditions. The audit also concluded that DTMB's efforts to secure access to critical MAIN operating system, application, and data resources were moderately effective. It noted one material condition.</p>	Performance	7	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
071-0705-10	Procurement Card Program, Financial Services The audit concluded that the State was moderately effective in utilizing the Procurement Card Program to reduce purchasing costs. It noted one reportable condition. The audit also concluded that selected departments were moderately effective in their efforts to ensure that procurement card usage was in compliance with State policies and procedures. It noted three reportable conditions.	Performance	3	2
084-0507-10	State Unified Information Technology Environment (SUITE) Project Management and System Development Controls The audit concluded that the Department of Technology, Management & Budget's (DTMB's) efforts to monitor, manage, and implement SUITE were moderately effective. It noted three reportable conditions. The audit also concluded that DTMB's efforts to establish objectives for delivering system development and maintenance projects that are on time, are within budget, and meet customer expectations were moderately effective. It noted one reportable condition.	Performance	4	0
084-0555-05F	Network Application Server Controls The follow-up of 4 material conditions and 4 corresponding recommendations reported in the performance audit of Network Application Server Controls (084-0555-05) disclosed that the Department of Technology, Management & Budget had not complied with 1 recommendation and had partially complied with 3 recommendations. The follow-up concluded that a material condition still exists relating to 1 finding and 1 corresponding recommendation and that reportable conditions exist relating to 3 findings and 3 corresponding recommendations.	Performance	0	4
TRANSPORTATION, MICHIGAN DEPARTMENT OF				
591-0100-11	Michigan Department of Transportation - R The audit included an unqualified opinion on the Michigan Department of Transportation's (MDOT's) financial statements. It did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses. However, it did identify significant	Single	9	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
	<p>deficiencies. It did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>. The audit report covered 5 programs (including 4 ARRA related programs) as major programs and identified known questioned costs of \$61,300. MDOT expended and distributed a total of \$2.7 billion in federal awards, including \$695.3 million of ARRA funding. The audit included 5 unqualified opinions on MDOT's compliance with major federal program requirements. The audit identified material weaknesses and significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that MDOT was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>			
591-0105-10	<p>Use of Transportation-Related Funding</p> <p>The audit concluded that the charges to transportation funds were generally appropriate for 4 of the 5 selected State agencies. However, it noted one reportable condition. The audit also concluded that the selected State agencies generally complied with contractual and reporting requirements for transportation-related funding. In addition, the audit reported the charges to transportation funds, the cost allocation methodologies used in determining the level of funding, and the unreimbursed costs as supplemental information.</p>	Performance	0	2
591-0172-10	<p>Real Estate Division, Bureau of Highway Development</p> <p>The audit concluded that the Michigan Department of Transportation's (MDOT's) efforts to ensure that the fee and permits processes result in safety and financial related outcomes that are in the best interest of the State were moderately effective and efficient. It noted three reportable conditions. The audit also concluded that MDOT's real estate management activities were effective and efficient. However, it noted two reportable conditions.</p>	Performance	3	2

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
591-0210-11	Mackinac Bridge Authority (A Discretely Presented Component Unit of the State of Michigan) - R The audit included an unqualified opinion on the Mackinac Bridge Authority's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	0	0

TREASURY, DEPARTMENT OF

271-0100-11	Department of Treasury - R The audit included an unqualified opinion on the Department of Treasury's financial schedules. It did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses. However, it did identify significant deficiencies. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered two programs as major programs and identified known questioned costs of \$1.5 million. The Department expended a total of \$3.8 million in federal awards during the two-year period ended September 30, 2010. The audit included one unqualified opinion and one adverse opinion on the Department's compliance with major federal program requirements. It identified material weaknesses and a significant deficiency in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i> . The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.	Single	4	0
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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0256-11	<p>Transition in the Office of State Treasurer</p> <p>The audit included an unqualified opinion on the schedule of cash and investments in the possession or under the control of the State Treasurer and collateral pledged to the State Treasurer.</p>	Financial	0	0
271-0265-10	<p>Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury - R</p> <p>The audit included an unqualified opinion on the Emergency 9-1-1 Fund's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0265-11	<p>Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury - R</p> <p>The audit included an unqualified opinion on the Emergency 9-1-1 Fund's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0283-11	<p>Michigan Education Trust Plan D (A Discretely Presented Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Michigan Education Trust Plan D financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0284-11	Michigan Education Trust Plans B and C (A Discretely Presented Component Unit of the State of Michigan) - R The audit included an unqualified opinion on the Michigan Education Trust Plans B and C financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	0	0
271-0340-11	Michigan Finance Authority (A Discretely Presented Component Unit of the State of Michigan) - R The audit included an unqualified opinion on the Michigan Finance Authority's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	0	0
271-0341-11	Report on the Provisions of the Single Audit Act as Applicable to the Michigan Finance Authority - R The audit included an unqualified opinion on the Michigan Finance Authority's schedule of expenditures of federal awards in relation to the basic financial statements taken as a whole. The audit covered 4 programs as major programs and included 4 unqualified opinions on the Authority's compliance with major federal program requirements. The Authority expended a total of \$298.8 million in federal awards during the two-year period ended September 30, 2010. The audit identified significant deficiencies in internal control over federal program compliance. However, it did not consider these significant deficiencies to be material weaknesses. The audit identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.	Single	2	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0400-11	<p>Report on the Provisions of the Single Audit Act as Applicable to the Michigan Strategic Fund - R</p> <p>The audit included an unqualified opinion on the Michigan Strategic Fund's schedule of expenditures of federal awards in relation to the basic financial statements taken as a whole. The audit covered one cluster (including 1 ARRA related program) as a major program and included a qualified opinion on the Fund's compliance with major federal program requirements. The Fund expended a total of \$83.7 million in federal awards, including \$85,767 of ARRA funding, during the two-year period ended September 30, 2010. The audit identified significant deficiencies in internal control over federal program compliance and considered one finding to be a material weakness. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.</p>	Single	2	0
271-0401-11	<p>Michigan Strategic Fund (A Discretely Presented Component Unit of the State of Michigan) - R</p> <p>The audit included unqualified opinions on the Michigan Strategic Fund's basic financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0405-11	<p>Report on the Provisions of the Single Audit Act as Applicable to the Michigan Economic Development Corporation - R</p> <p>The audit included an unqualified opinion on the Michigan Economic Development Corporation's (MEDC's) schedule of expenditures of federal awards in relation to the basic financial statements taken as a whole. The audit covered 2 programs as major programs and included 2 qualified opinions on MEDC's compliance with major federal program requirements. MEDC expended a total of \$1.1 million in federal awards during the two-year period ended September 30, 2010. The audit identified material weaknesses and significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.</p>	Single	2	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0406-11	Michigan Economic Development Corporation (A Discretely Presented Component Unit of the State of Michigan) - R The audit included an unqualified opinion of the Michigan Economic Development Corporation's (MEDC's) financial statements. It identified a significant deficiency in internal control over financial reporting. However, it did not consider this significant deficiency to be a material weakness. The audit did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	1	0
271-0410-10	21st Century Jobs Trust Fund Programs, Michigan Strategic Fund and Strategic Economic Investment and Commercialization Board The audit concluded that the Michigan Strategic Fund's (MSF's) and the Strategic Economic Investment and Commercialization (SEIC) Board's processes for making investments and awarding grants, loans, and contracts through the 21st Century Jobs Trust Fund programs were effective. However, it noted one reportable condition. The audit also concluded that MSF's processes for monitoring compliance with investment, grant, loan, and contract requirements were moderately effective. It noted one reportable condition. In addition, the audit concluded that MSF's efforts to evaluate the economic development outcomes of the 21st Century Jobs Trust Fund programs were moderately effective. It noted one reportable condition. Further, the audit concluded that MSF and the SEIC Board were in compliance with selected sections of the <i>Michigan Compiled Laws</i> for the 21st Century Jobs Trust Fund programs. However, it noted one reportable condition.	Performance	5	0
271-0415-09F	Michigan Economic Growth Authority Tax Credit Program, Michigan Strategic Fund The follow-up of 1 material condition and 2 corresponding recommendations reported in the performance audit of the Michigan Economic Growth Authority Tax Credit Program (271-0415-09) disclosed that the Michigan Strategic Fund had complied with the 2 recommendations.	Performance	0	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0420-11	<p>Brownfield Redevelopment Financing Program, Department of Environmental Quality, Michigan Economic Growth Authority, and Department of Treasury</p> <p>The audit could not conclude on the effectiveness of the Brownfield Redevelopment Financing Program because of a lack of available performance information for assessing effectiveness. It noted one material condition. The audit concluded that the operations of the Brownfield Redevelopment Financing Program were moderately efficient. It noted one reportable condition. The audit also concluded that the Department of Environmental Quality's (DEQ's) and the Michigan Economic Growth Authority's (MEGA's) efforts to facilitate and support the redevelopment or reuse of eligible property were effective. In addition, the audit concluded that DEQ and MEGA were in compliance and that the Department of Treasury was not in compliance with the annual reporting requirements identified in Act 381, P.A. 1996, as amended. It noted one material condition under the first objective.</p>	Performance	2	0
641-0205-07	<p>Family Housing Programs, Michigan State Housing Development Authority</p> <p>The audit concluded that the Michigan State Housing Development Authority's (MSHDA's) efforts in monitoring compliance with program requirements for multifamily housing developments were moderately effective. It noted two material conditions and two reportable conditions. The audit also concluded that MSHDA was effective in its administration of the Housing Choice Voucher (HCV) Program. However, it noted one material condition under the first objective. In addition, the audit concluded that it was efficient to utilize independent housing voucher agents to oversee the HCV Program. Further, the audit analyzed selected financial information regarding MSHDA and its programs. It noted two material conditions and four reportable conditions.</p>	Performance	11	0
641-0210-09	<p>Community Development and Revitalization Programs, Michigan State Housing Development Authority</p> <p>The audit concluded that the Michigan State Housing Development Authority's (MSHDA's) processes for identifying and awarding funds for projects for selected community development and revitalization programs were moderately effective. However, the audit questioned</p>	Performance	13	0

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			New	Repeated
	<p>MSHDA's authority to fund non-housing related activities. It noted one material condition and one reportable condition. The audit also concluded that MSHDA's efforts in measuring and evaluating performance outcomes for selected community development and revitalization programs were moderately effective. It noted one reportable condition. In addition, the audit concluded that MSHDA's efforts in monitoring grants and loans for selected community development and revitalization programs to ensure compliance with program requirements were moderately effective except for the Cities of Promise (COP) Program and the Housing Development Fund (HDF) special project grants, for which MSHDA's efforts in monitoring grants and loans to ensure compliance with program requirements were not effective. It noted five reportable conditions. The audit further concluded that MSHDA's efforts in monitoring contracts for services related to its community development and revitalization programs were moderately effective. It noted one reportable condition. The audit also concluded that MSHDA's security and access controls over the MSHDA Activity Tracking Tool System were not effective. It noted two material conditions.</p>			
641-0425-11	<p>Land Bank Fast Track Authority (A Discretely Presented Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Land Bank Fast Track Authority's (LBFTA's) basic financial statements. It identified a material weakness and a significant deficiency in internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 2 programs (including 1 ARRA related program) as major programs and reported known questioned costs of \$36,372. LBFTA expended a total of \$9.3 million in federal awards, including \$155,000 of ARRA funding, during the two-year period ended September 30, 2010. The audit included 2 qualified opinions on LBFTA's compliance with major federal program requirements. It identified material weaknesses and significant deficiencies in internal control over federal program compliance. It also identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that LBFTA was in substantial</p>	Single	4	0

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			New	Repeated
	<p>compliance with Section 18.1485 of the <i>Michigan Compiled Laws</i>. The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the <i>Michigan Compiled Laws</i>) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, Department of Technology, Management & Budget.</p>			
641-0820-07	<p>Bureau of Workforce Transformation's Oversight of the Michigan Works! Agencies, Workforce Development Agency, Michigan Strategic Fund</p> <p>The audit concluded that the Bureau of Workforce Transformation (BWT) was not effective and efficient in its efforts to oversee selected activities of Michigan Works! Agencies (MWAs). It noted one material condition and two reportable conditions. The audit also concluded that BWT was moderately effective and efficient in its fiscal oversight of MWAs. It noted two reportable conditions. In addition, the audit could not determine the effectiveness of BWT's efforts to help individuals secure employment in long-term growth occupations because of the lack of information available to evaluate participant activity for extended periods of time. Further, the audit responded to the legislative request for specific information related to No Worker Left Behind by presenting two unaudited exhibits.</p>	Performance	5	0
UNIVERSITIES AND COLLEGES				
032-0250-10	<p>Macomb Community College</p> <p>The audit concluded that Macomb Community College was efficient in its use of educational program resources. It noted two reportable conditions. The audit also concluded that the College was effective in its efforts to evaluate the quality of its educational programs. In addition, the audit concluded that the College's admissions and monitoring practices were effective in helping students successfully complete their classes and programs.</p>	Performance	2	0

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
032-0270-09	<p>Monroe County Community College</p> <p>The audit concluded that Monroe County Community College was effective in its efforts to evaluate the quality and outcomes of its educational programs. The audit also concluded that the College's admissions and monitoring practices were effective in helping students successfully complete their classes and programs. In addition, the audit concluded that the College was efficient in its use of educational program resources. However, it noted one reportable condition.</p>	Performance	1	0
			<u>256</u>	<u>42</u>

GLOSSARY

Glossary of Commonly Used Financial Audit Terms (Including Single Audit Terms)

adverse opinion	See "auditor's opinion" for definition.
auditor's opinion	<p>The Office of the Auditor General issues opinions, as applicable, on financial statements, financial schedules, supplemental financial information, and compliance with requirements for major federal programs. The types of auditor's opinions are:</p> <p>a. Unqualified opinion:</p> <ol style="list-style-type: none">(1) Financial presentation: An unqualified opinion states that the financial statements, financial schedules, or supplemental financial information are fairly presented in conformity with generally accepted accounting principles.(2) Compliance: An unqualified opinion states that the audited agency complied, in all material respects, with the cited compliance requirements applicable to each major federal program. <p>b. Qualified opinion:</p> <ol style="list-style-type: none">(1) Financial presentation: A qualified opinion identifies a scope limitation or one or more instances of misstatements that impact the fair presentation of the financial statements, financial schedules, or supplemental financial information.(2) Compliance: A qualified opinion identifies a scope limitation or material noncompliance with one or more of the cited compliance requirements applicable to each major federal program. <p>c. Adverse opinion:</p> <ol style="list-style-type: none">(1) Financial presentation: An adverse opinion states that the financial statements, financial schedules, or supplemental financial information are not fairly presented in conformity with generally accepted accounting principles.(2) Compliance: An adverse opinion states that the audited agency did not comply, in all material respects, with the cited compliance requirements applicable to each major federal program.
CFDA	<i>Catalog of Federal Domestic Assistance</i> ; the catalog that provides a full listing, with detailed program descriptions, of all federal programs available to state and local governments.

CFR	<i>Code of Federal Regulations</i> ; the codification of the general and permanent rules published by the departments and agencies of the federal government.
cluster	A grouping of closely related federal programs that have similar compliance requirements. Although the programs within a cluster are administered as separate programs, a cluster of programs is treated as a single program for the purpose of meeting the audit requirements of OMB Circular A-133.
deficiency in internal control over federal program compliance	<p>The design or operation of a control over compliance that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. These deficiencies are typically categorized as significant or material:</p> <ul style="list-style-type: none"> a. Significant deficiency in internal control over federal program compliance: A deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. b. Material weakness in internal control over federal program compliance: A deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.
deficiency in internal control over financial reporting	<p>The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. These deficiencies are typically categorized as significant or material:</p> <ul style="list-style-type: none"> a. Significant deficiency in internal control over financial reporting: A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. b. Material weakness in internal control over financial reporting: A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial schedules and/or financial statements will not be prevented, or detected and corrected, on a timely basis.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules and/or financial statements of an audited entity are presented fairly in all material respects in conformity with the disclosed basis of accounting.

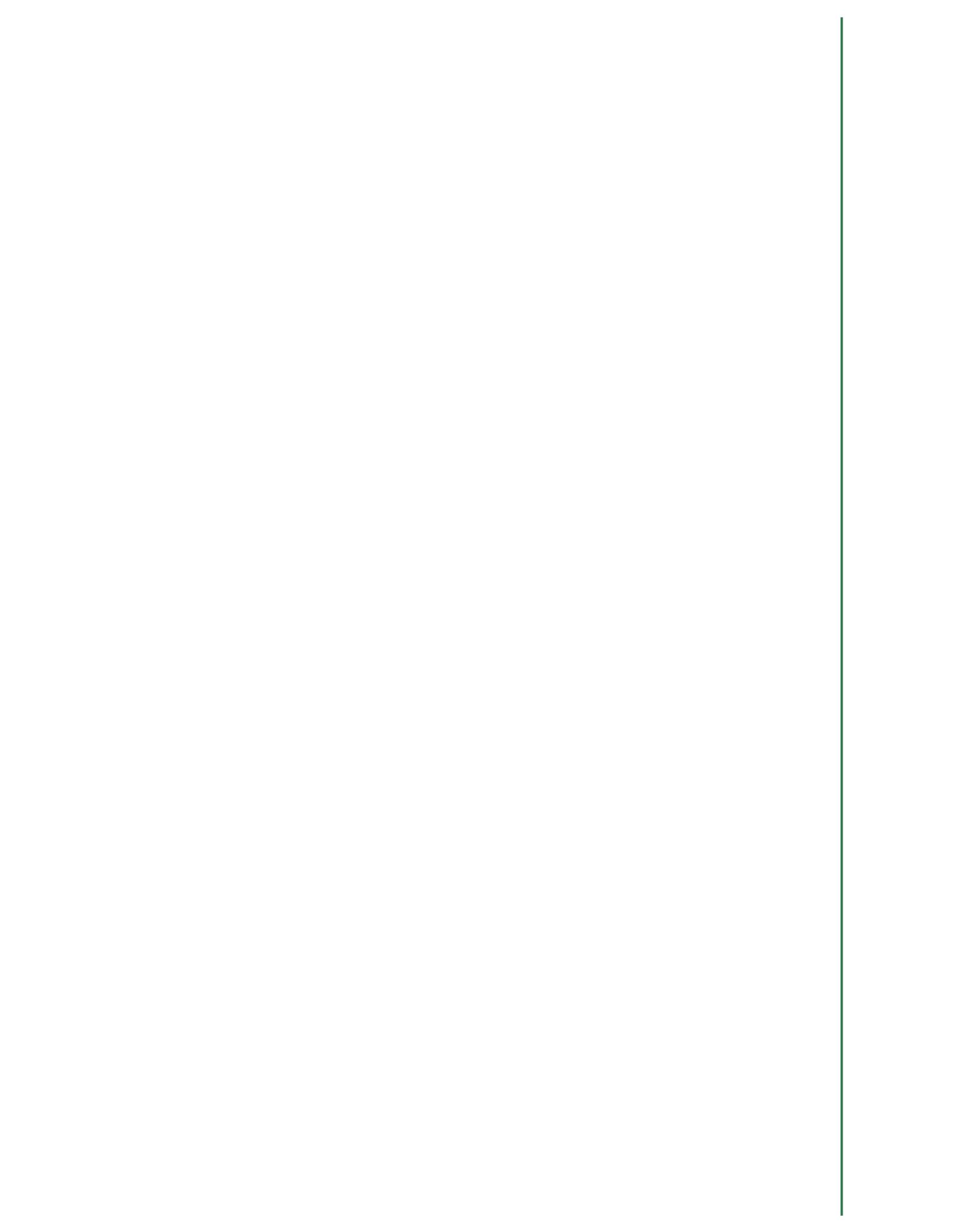
GAAP	generally accepted accounting principles; a technical accounting term that encompasses the conventions, rules, guidelines, and procedures necessary to define accepted accounting practice at a particular time. Also cited as "accounting principles generally accepted in the United States of America."
GASB	Governmental Accounting Standards Board; an arm of the Financial Accounting Foundation established to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities.
internal control	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
low-risk auditee	As provided for in OMB Circular A-133, an auditee that may qualify for reduced federal audit coverage if it receives an annual single audit and it meets other criteria related to prior audit results. In accordance with State statute, this single audit was conducted on a biennial basis; consequently, this auditee is not considered a low-risk auditee.
material misstatement	A misstatement in the financial schedules and/or financial statements that causes the schedules and/or statements to not present fairly the financial position or the changes in financial position or cash flows in conformity with the disclosed basis of accounting.
material noncompliance	Violations of laws, regulations, contracts, and grants that could have a direct and material effect on [<i>insert "major federal programs or on" for single audits</i>] financial schedule and/or financial statement amounts.
material weakness in internal control over federal program compliance	See "deficiency in internal control over federal program compliance" for definition.
material weakness in internal control over financial reporting	See "deficiency in internal control over financial reporting" for definition.
OMB	U.S. Office of Management and Budget; a cabinet-level office that assists the President in overseeing the preparation of the federal budget and in supervising its administration in executive branch agencies.
other noncompliance	Violations of contracts or grant agreements that are not material to the financial schedules or financial statements but should be communicated to management in accordance with <i>Government Auditing Standards</i> . Other noncompliance also includes violations of laws, regulations, contracts, or grant agreements; fraud; abuse; or other internal control deficiencies that may be communicated to management in accordance with <i>Government Auditing Standards</i> .

qualified opinion	See "auditor's opinion" for definition.
questioned cost	<p>A cost that is questioned by the auditor because of an audit finding: (1) which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of federal funds, including funds used to match federal funds; (2) where the costs, at the time of the audit, are not supported by adequate documentation; or (3) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.</p> <p>After the audit report is filed with the federal audit clearinghouse, the responsible federal agency is required to issue a management decision within six months of the receipt of the audit report. The management decision may include a request for the return of the known questioned costs.</p>
significant deficiency in internal control over federal program compliance	See "deficiency in internal control over federal program compliance" for definition.
significant deficiency in internal control over financial reporting	See "deficiency in internal control over financial reporting" for definition.
single audit	A financial audit, performed in accordance with the Single Audit Act Amendments of 1996, that is designed to meet the needs of all federal grantor agencies and other financial report users. In addition to performing the audit in accordance with the requirements of auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, a single audit requires the assessment of compliance with requirements that could have a direct and material effect on a major federal program and the consideration of internal control over compliance in accordance with OMB Circular A-133.
SOMCAFR	<i>State of Michigan Comprehensive Annual Financial Report.</i>
subrecipient	A nonfederal entity that expends federal awards received from another nonfederal entity to carry out a federal program.
unqualified opinion	See "auditor's opinion" for definition.

Glossary of Commonly Used Performance Audit Terms

audit finding	<p>The Office of the Auditor General categorizes its audit findings as either reportable conditions or material conditions:</p> <ol style="list-style-type: none">a. Reportable condition: A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.b. Material condition: A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
continuous quality improvement (CQI)	<p>A process that aligns the vision and mission of an organization with the needs and expectations of internal and external customers. It normally includes a process to improve program effectiveness and efficiency by assessing performance indicators that measure outputs and outcomes related to the program vision, mission, goals, and objectives.</p>
effectiveness	<p>Success in achieving mission and goals.</p>
efficiency	<p>Achieving the most outputs and outcomes practical with the minimum amount of resources.</p>
goal	<p>An intended outcome of a program or an agency to accomplish its mission.</p>
input	<p>A resource (e.g., staff hours or expenditures) that is consumed in producing outputs.</p>
internal control	<p>The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.</p>
material condition	<p>See "audit finding" for definition.</p>
mission	<p>The main purpose of a program or an agency or the reason that the program or the agency was established.</p>

objective	A specific outcome that a program or an agency seeks to achieve its goals.
observation	A commentary that highlights certain details or events that may be of interest to users of the report. An observation differs from an audit finding in that it may not include the attributes (condition, effect, criteria, cause, and recommendation) that are presented in an audit finding.
outcome	An actual impact of a program or an agency.
output	A product or a service produced by a program or an agency.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.
performance measures	A composite of key indicators of a program's or an activity's inputs, outputs, outcomes, productivity, timeliness, and/or quality. Performance measures are a means of evaluating policies and programs by measuring results against agreed upon program goals or standards.
performance measurement system	A system for capturing and processing data to determine if a program or an agency is achieving its goals.
performance standard	A desired level of output or outcome.
reportable condition	See "audit finding" for definition.





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