

Ms. Sharon Moffett-Massey, Director  
Unemployment Insurance Agency,  
State of Michigan Talent Investment Agency  
Detroit, Michigan

In planning and performing our audit of the financial statements of the State of Michigan Talent Investment Agency, Unemployment Insurance Agency – Administration Fund (Fund) as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies, significant deficiencies, or material weaknesses in internal control and therefore, deficiencies, significant deficiencies, or material weaknesses may exist that were not identified.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal control and operating efficiency. These matters are included within this letter.

We would be pleased to discuss these matters in further detail at your convenience, to perform any study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Fund, the Office of the Auditor General, the Office of Financial Management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Andrews Hooper Pavlik PLC*

December 4, 2015  
Auburn Hills, Michigan

## **Current Year Recommendations**

### Payroll Testing

During our current year payroll testing, we noted one employee whose overtime rate of pay was higher than 1.5 times the regular rate of pay. The employee appears to have been paid \$4.16 more than the overtime hours multiplied by the expected overtime rate of pay (1.5 times the regular rate of pay) for the pay period tested. Documentation supporting the overtime rate of pay utilized was not available.

During our current year payroll testing, we noted two employees for which the personnel files did not contain documentation supporting the employee's last pay rate change (excluding cost of living adjustments). For one employee, we were able to view an electronic version of a payroll adjustment form that supported the recent rate of pay. However, this form was not present in the personnel file. An electronic version of the payroll adjustment form was not available for the second employee noted.

We recommend management ensure employee personnel files contain supporting documentation for current pay rates, including overtime pay rates.

### Grant Reporting

During our testing of federal grant report submissions, we noted one quarterly grant report that was not submitted by the required submission date. The report was due by February 14, 2015 and was submitted on March 18, 2015. We recommend that required grant reports should be submitted as timely as possible upon all information being available to prepare and submit the reports.

## **Prior Year Recommendations**

### Employee Personnel Files

During our prior year payroll testing, we noted one employee for which the personnel file did not contain documentation of a driver's license, social security number, tax forms, or other documentation supporting the validity and existence of the employee. It is procedure to include this documentation in each employee's personnel file. We recommended management ensure employee personnel files contain such documentation.

*2015 Update:* During our current year payroll testing, we noted one employee for which the personnel file did not contain documentation of a driver's license or social security card. This employee was hired in 2014, transferring from the Department of Treasury. Management indicated that the drivers license and social security card were not obtained because the information was already in the State of Michigan payroll system as the employee was an existing employee of the Department of Treasury. We recommend management continue to monitor progress in the area of ensuring employee personnel files contain required documentation.