



OAG

Office of the Auditor General

Report Summary

Single Audit Report

State of Michigan

Fiscal Year Ended September 30, 2015

Report Number:
000-0100-16

Released:
June 2016

A single audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial statements are fairly presented, considers internal control over financial reporting and internal control over federal program compliance, determines compliance with requirements material to the financial statements, and assesses compliance with direct and material requirements of the major federal programs.

Financial Statements:

Auditor's Report Issued

We have audited the State of Michigan's basic financial statements as of and for the fiscal year ended September 30, 2015 and have issued a separate report thereon dated December 31, 2015. We issued unmodified opinions on the State's basic financial statements.

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Internal Control Over Financial Reporting

We considered the State of Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. We identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies in internal control as reported in the Report on Internal Control, Compliance, and Other Matters for the *State of Michigan Comprehensive Annual Financial Report* (071-0010-16).

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Compliance and Other Matters

We performed tests of the State's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Report on Compliance for Each Major Federal Program

We have audited the State's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs. We and other auditors audited 32 programs as major programs and reported known questioned costs of \$5.7 million (net). The State expended a total of \$23.1 billion in federal awards during the fiscal year ended September 30, 2015. We issued 22 unmodified opinions, 7 qualified opinions, and 3 adverse opinions. The opinions issued by major program are identified on the following pages. We identified instances of noncompliance that are required to be reported in accordance with OMB Circular A-133. The findings are identified by major federal program on the following pages.

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Report on Internal Control Over Compliance

We considered the State's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program. We identified deficiencies in internal control over compliance that we consider to be material weaknesses and others we consider to be significant deficiencies as described in the findings identified by major federal program on the following pages.

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Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the State's basic financial statements. The information therein has been subjected to the auditing

procedures applied in the audit of the State's basic financial statements and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the State's basic financial statements as a whole.



Identification of Major Federal Programs, Type of Opinion Issued on Compliance, Known Questioned Costs, and Audit Finding Numbers:

CFDA Number(s)	Name of Major Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
10.551 and 10.561	SNAP Cluster	Qualified	(\$6,611)	<u>2015-001</u> <u>2015-002</u> <u>2015-003</u> <u>2015-010</u> <u>2015-011</u> <u>2015-013</u> <u>2015-014</u>
10.553, 10.555, 10.556, and 10.559	Child Nutrition Cluster	Unmodified	\$0	<u>2015-009</u>
10.565, 10.568, and 10.569	Food Distribution Cluster	Unmodified	\$0	<u>2015-009</u> <u>2015-021</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified	\$0	<u>2015-005</u>
10.558	Child and Adult Care Food Program	Unmodified	\$0	<u>2015-009</u> <u>2015-022</u>
15.605, 15.611, and 15.626	Fish and Wildlife Cluster	Unmodified	\$0	<u>2015-023</u>
17.258, 17.259, and 17.278	WIA Cluster	Unmodified	\$0	Not Applicable
20.205 and 20.219	Highway Planning and Construction Cluster, including ARRA	Unmodified	\$0	<u>2015-024</u>
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants, including ARRA	Unmodified	\$0	Not Applicable
66.458	Clean Water State Revolving Fund Cluster	Unmodified	\$0	<u>2015-025</u> <u>2015-026</u> <u>2015-027</u>
84.027 and 84.173	Special Education Cluster (IDEA)	Unmodified	\$0	<u>2015-009</u> <u>2015-019</u> <u>2015-028</u>
84.010	Title I Grants to Local Educational Agencies	Unmodified	\$20,459	<u>2015-009</u> <u>2015-019</u> <u>2015-020</u> <u>2015-029</u>
84.032G and 84.032L	Federal Family Education Loans - Guaranty Agency and Lender	Unmodified	\$0	Not Applicable
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Unmodified	\$0	<u>2015-010</u> <u>2015-011</u> <u>2015-013</u> <u>2015-014</u> <u>2015-030</u> <u>2015-031</u>
84.287	Twenty-First Century Community Learning Centers	Unmodified	\$0	<u>2015-009</u> <u>2015-019</u> <u>2015-032</u>
84.367	Improving Teacher Quality State Grants	Unmodified	\$0	<u>2015-009</u> <u>2015-019</u> <u>2015-020</u>

CFDA Number(s)	Name of Major Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
93.558	TANF Cluster	Adverse	(\$24,803)	2015-001 2015-002 2015-003 2015-004 2015-006 2015-010 2015-011 2015-012 2015-013 2015-014 2015-033 2015-034 2015-035 2015-036 2015-037 2015-038
93.575 and 93.596	CCDF Cluster	Qualified	\$1,572	2015-001 2015-002 2015-010 2015-011 2015-013 2015-014 2015-039 2015-040 2015-041 2015-042
93.775, 93.777, and 93.778	Medicaid Cluster, including ARRA	Adverse	\$5,321,270	2015-001 2015-002 2015-003 2015-004 2015-005 2015-007 2015-008 2015-010 2015-011 2015-012 2015-013 2015-014 2015-018 2015-043 2015-044 2015-045 2015-046 2015-047 2015-048 2015-049 2015-050 2015-051 2015-052 2015-053 2015-054 2015-055 2015-056 2015-057
93.268	Immunization Cooperative Agreements	Unmodified	\$0	Not Applicable
93.563	Child Support Enforcement	Unmodified	\$0	2015-010 2015-011 2015-013 2015-014
93.568	Low-Income Home Energy Assistance	Qualified	(\$17,068)	2015-001 2015-002 2015-010 2015-011 2015-013 2015-014 2015-059 2015-060 2015-061

CFDA Number(s)	Name of Major Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
93.658	Foster Care - Title IV-E, including ARRA	Qualified	\$7,628	2015-006 2015-010 2015-011 2015-012 2015-013 2015-014 2015-015 2015-016 2015-017
93.659	Adoption Assistance	Qualified	\$3,093	2015-006 2015-010 2015-011 2015-012 2015-013 2015-014 2015-062 2015-063
93.667	Social Services Block Grant	Adverse	\$179,242	2015-006 2015-010 2015-011 2015-012 2015-013 2015-014 2015-015 2015-016 2015-017
93.767	Children's Health Insurance Program	Qualified	\$3,777	2015-001 2015-002 2015-005 2015-007 2015-008 2015-018 2015-064
93.958	Block Grants for Community Mental Health Services	Qualified	\$188,103	2015-065 2015-066 2015-067
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Unmodified	\$0	2015-068
96.001	Disability Insurance/SSI Cluster	Unmodified	\$78	2015-010 2015-011 2015-013 2015-014

Major Federal Programs Audited by Others

CFDA Number(s)	Name of Major Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
14.182 and 14.856	Section 8 Project-Based Cluster	Unmodified	\$0	Not Applicable
14.239	Home Investment Partnerships Program	Unmodified	\$0	2015-069
17.225	Unemployment Insurance, including ARRA	Unmodified	\$0	2015-070 2015-071

Findings Related to Non-Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
81.042	Weatherization Assistance for Low-Income Persons	Not Applicable	\$114,621	2015-011
93.566	Refugee and Entrant Assistance - State Administered Programs	Not Applicable	\$4,968	2015-011 2015-058
93.569	Community Services Block Grant	Not Applicable	(\$96,538)	2015-011

Total known questioned costs (net)

\$5,699,791