



STATE OF MICHIGAN
TERRI LYNN LAND, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

September 25, 2009

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget Director
George W. Romney Building
111 South Capitol Avenue, 6th Floor
Lansing, Michigan 48913

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Financial Audit including Provisions of the Single Audit Act for the Michigan Department of State.

Questions regarding the summary table or corrective action plans should be directed to me at (517) 335-0218.

Sincerely,

Signature Redacted

Steve Stier, Director
Bureau of Information Security
Legal and Regulatory Services Administration

SS/lmb

Enclosures

cc: Honorable Jennifer M. Granholm, Executive Office
Thomas H. McTavish, CPA, Auditor General
Senator Ron Jelinek, Senate Appropriations Chair
Representative George Cushingberry Jr., House Appropriations Chair
Mitchell R. Bean, Director, House Fiscal Agency
Gary S. Olson, Director, Senate Fiscal Agency

Michigan Department of State
Financial Audit Including the Provisions of the Single Audit Act
June 2009
Summary of Agency Responses to Recommendations

1. Audit Recommendations the agency complied with:
None

2. Audit Recommendations the agency agrees with and will comply :
 - a. Will comply
1 (partial), 2
 - b. Budget Consideration
1 (partial)

3. Audit Recommendations the agency disagrees with:
None

FINAL RESPONSES

Financial Audit Including the Provisions of the Single Audit Act

June 2009

RECOMMENDATION #1

We recommend that the Department establish sufficient controls over the processing of automated revenue distribution transactions.

ANTICIPATED ACTION: Will Comply.

DESCRIPTION OF ANTICIPATED ACTION:

Prior to the release of the audit report, the Department worked with MDIT to restrict access to the crosswalk tables to two MDIT employees. The Department also developed a new process to review and document changes to the crosswalk tables. Since the audit was released, we have implemented the noted changes and added staff to begin monitoring the reconciliation process. The Department is also now working with MDIT to obtain cost estimates to enhance the existing system.

Anticipated Compliance Date: October 2010

RECOMMENDATION #2

We recommend that the Department ensure that State restricted funds are expended before using State General Fund/general purpose appropriations.

ANTICIPATED ACTION: Will Comply.

DESCRIPTION OF ANTICIPATED ACTION:

While the Department disagrees with the auditors finding that it has used State General Fund/general purpose when it should have used State restricted funds and avoided the lapsing of General Fund appropriations, the Department continues to plan to lapse any unused Business Application Modernization (BAM) work project funds to the State General Fund /general purpose fund at the end of the project.

Anticipated Compliance Date: October 2010.