



MICHIGAN STRATEGIC FUND

300 N Washington Sq
Lansing, MI 48913

January 25, 2013

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

Dear Director Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed is a summary table identifying our response and corrective action plan to address the recommendation to finding #2511004 contained within the Office of the Auditor General's report on the Provision of the Single Audit Act as applicable to the Department of History, Arts and Libraries (October 1, 2008 through September 30, 2009). This relates to the Michigan Council of Arts and Cultural Affairs transferred to the Michigan Strategic Fund.

Questions regarding the summary table or corrective action plans should be directed to me at 517.241.0524 or modij1@michigan.org.

Sincerely,

Signature Redacted

Juzer Modi, Director
Office of Financial Services

Enclosure

JM:bs

cc: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency

**Michigan Strategic Fund
The Michigan Council for the Arts and Cultural Affairs (MCACA)
Findings Related to Federal Awards
Agency response to recommendations**

Promotion of Arts – Partnership Agreements, CFDA 45.025

Auditors recommend that MCACA improve its internal control over Promotion of arts – Partnership Agreements Program improve its compliance with federal laws and regulations regarding allowable costs/cost principles, cash management, and subrecipient monitoring.

Agency Preliminary Response

MCACA agrees with the finding and recommendation and has complied.

Corrective Action Plan:

MCACA Council passed a new policy on 4/19/2011, which provides guidance on performing on-site visits. It requires Council staff to use best efforts to reach ten percent (10%) of MCACA grantees with such a visit. Grantees, as part of their signed grant agreement, are required accommodate Council staff requests to attend ticketed events as part of grant monitoring.

MCACA has also adopted the use of the Michigan Cultural Data project (sample attached) as part of our application process and continue to make full use of GuideStar (<http://www.guidestar.org/>) for monitoring purposes. In addition, MCACA will hire a new manager to help with on-site visits.