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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

September 1, 2016

Dear Governor Snyder, Senators, and Representatives:

This letter provides information regarding the status of our audit projects that either began or transitioned into new audit phases during August 2016. Please refer to our website's [Work in Process](#) for a complete listing of ongoing projects. Although you will no longer receive individual letters reporting the start of audits or approved audit objectives, we would be pleased to discuss with you any interests or areas of concern you have with any of our ongoing projects.

Planning Phase - These are new projects. Typical activities include conducting: the audit entrance meeting; a preliminary survey to identify the audited entity's core activities; assessments of risks and corresponding controls to identify potential program or process improvements or deficiencies; interviews with management and staff, development of detailed audit objectives, and many other tasks.

| Department | Audit Title and Type (Performance – per / Financial – fin / Follow-up - fol / Contracted - con) | Project Number |
|------------|--|----------------|
| None | | |

Audits Terminated - For these projects, after completing the planning phase, we concluded that significant risk did not exist to warrant additional use of audit resources or that extenuating circumstances supported the termination of the project. We issued a Preliminary Survey Summary to reflect this conclusion, distributed copies to management and select legislative members, and posted the summaries on our website.

| Department | Audit Title and Type | Project Number |
|------------|----------------------|----------------|
| None | | |

Audit Fieldwork - Typical activities include: additional management and staff interviews; detailed testing of financial transactions, case files, information systems, and other documentation which support the entity's operations; status updates with management and staff; and other tasks.

| Department | Audit Title and Type | Project Number |
|--|--|----------------|
| Agriculture and Rural Development | Bovine Tuberculosis Program - (per) | 791-0110-16 |
| Approved Objectives: | | |
| <ol style="list-style-type: none"> 1. To assess the sufficiency of MDARD's efforts to achieve its goal of eradicating bovine tuberculosis in Michigan's cattle. | | |
| Agriculture and Rural Development and Environmental Quality | Bottled Water Regulation - (per) | 791-0225-16 |
| Approved Objectives: | | |
| <ol style="list-style-type: none"> 1. To assess the effectiveness of MDARD and DEQ's efforts to register and inspect bottled water manufacturers and water dispensing machines. 2. To assess the sufficiency of MDARD and DEQ's efforts to ensure water sold in bottles and through dispensing machines for human consumption comply with selected water quality standards established by the Federal Safe Drinking Water Act. | | |
| Environmental Quality | Clean Michigan Initiative Environmental Protection Programs - (per) | 761-0217-16 |
| Approved Objectives: | | |
| <ol style="list-style-type: none"> 1. To assess the effectiveness of DEQ's efforts to ensure that the use of CMI funds complies with laws, regulations, and contract requirements. 2. To compile and report data for programs eligible for CMI funding. | | |
| Health and Human Services | Michigan Statewide Automated Child Welfare Information System (MiSACWIS) - (per) | 431-0520-16 |
| Approved Objectives: | | |
| <ol style="list-style-type: none"> 1. To assess the effectiveness of MDHHS and DTMB's efforts to ensure the accuracy and completeness of selected data fields in MiSACWIS. 2. To assess the sufficiency of MiSACWIS to accurately process child welfare cases. 3. To assess end user satisfaction with MiSACWIS. | | |
| Health and Human Services | Children's Protective Services Investigations - (per) | 431-1285-16 |
| Approved Objectives: | | |
| <ol style="list-style-type: none"> 1. To assess the sufficiency of MDHHS's efforts to ensure the appropriate and consistent application of selected CPS investigation requirements. 2. To determine the effectiveness of MDHHS's efforts to accurately report its compliance with selected CPS investigation timeliness requirements. | | |

| Department | Audit Title and Type | Project Number |
|---|--|----------------|
| Health and Human Services | Partnership, Accountability, Training, Hope (PATH) Program - (per) | 431-3301-16 |
| Approved Objectives: | | |
| 1. To assess the sufficiency of MDHHS's and WDA's efforts to evaluate PATH Program results. | | |
| 2. To assess MDHHS's and WDA's compliance with selected laws, regulations, and procedures governing the PATH program. | | |
| 3. To assess the effectiveness of MDHHS's and WDA's efforts in monitoring select PATH Program payments. | | |

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| Technology, Management, and Budget | Retirement Systems - (fin) | 071-0150-17 |
| Technology, Management, and Budget | State of Michigan Deferred Compensation Plans - (fin) | 071-0155-17 |
| Legislature | Michigan Legislative Retirement System - (fin) | 900-0140-17 |
| Approved Objectives: | | |
| 1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America. | | |
| 2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards. | | |

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|--|-------------------------------|-------------|
| Treasury | Venture Michigan Fund - (per) | 271-0435-16 |
| Approved Objectives: | | |
| 1. To assess VMF's compliance with select legislative and contract requirements. | | |
| 2. To report other information related to VMF activities. | | |

Please note that some projects, particularly financial audits and follow-up reports, operate from pre-established audit objectives and, therefore, move directly to the audit fieldwork stage.

Report Preparation - Typical activities include: preparing the draft audit report, discussion of draft findings with the audited entity, receipt of the entity's preliminary responses to findings, and other tasks.

| Department | Audit Title and Type | Project Number | Estimated Audit Release Date |
|---|---|----------------|------------------------------|
| Transportation | Use of Transportation-Related Funding - (per) | 591-0105-16 | September 2016 |
| Health and Human Services | Michigan State Disbursement Unit, Office of Child Support - (per) | 431-0142-16 | October 2016 |
| Technology, Management, and Budget | Records Management - (per) | 071-0835-16 | October 2016 |
| Treasury | Renaissance Zone Program - (fol) | 271-0425-11F | October 2016 |
| Department of Treasury and Department of State Police | Emergency 9-1-1 Fund - (fin) | 271-0265-16 | October 2016 |

Audits Released

| Department | Audit Title and Type | Project Number | Date Released | Number of | |
|-------------------------------|---|----------------|---------------|---------------------|-----------------------|
| | | | | Material Weaknesses | Reportable Conditions |
| Natural Resources | Commercial Forest Program and the Forest Development Fund - (per) | 751-0152-15 | 08/04/2016 | 0 | 1 |
| Natural Resources | Central Reservation System (CRS) for Recreational Resources - (per) | 751-0591-16 | 08/23/2016 | 0 | 2 |
| Military and Veterans Affairs | D. J. Jacobetti Home for Veterans - (per) | 511-0160-16 | 08/24/2016 | 0 | 2 |

Although we report this information to you on a monthly basis, we immediately correspond with management and staff as our projects transition through the various stages referenced above.

Please contact me or Laura Hirst, Deputy Auditor General, at (517) 334-8050 if you have questions regarding this summary or wish to discuss specific audit projects.

Sincerely,



Doug Ringler
Auditor General

c: Agency Audit Liaisons
SBO-Office of Internal Audit Services