



2007

2007 ANNUAL REPORT

MICHIGAN OFFICE OF THE
AUDITOR GENERAL

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall
conduct post audits of
financial transactions and
accounts of the state and of
all branches, departments,
offices, boards, commissions,
agencies, authorities
and institutions of the
state established by this
constitution or by law, and
performance post audits
thereof.

*- Article IV, Section 53 of the
Michigan Constitution*



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
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LANSING, MICHIGAN 48913
(517) 334-8050
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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

September 30, 2007

The Honorable Jennifer M. Granholm, Governor of Michigan
The Honorable Michael D. Bishop, Senate Majority Leader
The Honorable Andrew J. Dillon, Speaker of the House
The Honorable Mark H. Schauer, Senate Minority Leader
The Honorable Craig M. DeRoche, House Minority Leader
and
Members of the 94th Legislature

Ladies and Gentlemen:

This annual report on the operations of the Michigan Office of the Auditor General covers the fiscal year ended September 30, 2007 and is submitted in accordance with Article IV, Section 53 of the Michigan Constitution.

Our annual reports for fiscal years ending with odd numbers are submitted in an abbreviated format as letter reports, which is the format for this report. Annual reports for fiscal years ending with even numbers are submitted in our traditional format and contain information about our office and the audit reports completed during the fiscal year. Copies of this letter report and of our annual report for the fiscal year ended September 30, 2006 can be found on our Internet web site. Our web site also includes copies of our audit reports.

The Office of the Auditor General has the responsibility, as stated in Article IV, Section 53 of the Michigan Constitution, to conduct post financial and performance audits of State government operations. In addition, certain sections of the *Michigan Compiled Laws* contain specific audit requirements in conformance with the constitutional mandate. To fulfill our requirements and to continually meet our customer needs, we are committed to improving the quality of our audit services and reports and communicating our results to all of the branches of State government, as well as to the citizens of Michigan.

The core strength of our office continues to be the quality of our staff. There is strong competition from the private sector for new auditors, as well as a strong demand for trained professionals throughout State government. We continue to use innovative strategies to employ and retain highly motivated, skilled, and dedicated staff. The Office of the Auditor General is committed to providing the Legislature and other interested parties with accurate and reliable information, and the key factors in achieving this commitment are the competency and professionalism of our staff.

Sincerely,

A handwritten signature in black ink that reads "Thomas H. McTavish".

Thomas H. McTavish, C.P.A.
Auditor General

Office of the Auditor General Reports and Other Information

An audit report and its supporting evidence are considered confidential until the report's official release to the Legislature, the general public, and the press. Once a report has been released, it is public information and, as such, is available upon request.

Reports or information about our office can be found on our Internet web site at ***<http://audgen.michigan.gov>*** or can be obtained as follows:

- By written request directed to:

Office of the Auditor General
Victor Center, Sixth Floor
201 N. Washington Square
Lansing, Michigan 48913

- By telephone at (517) 334-8050
- By FAX at (517) 334-8079 (please include your name, address, and the specific reports or other desired information in your request)

**AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07**

- * Letter report.
- R Audit required by law.
- N/A Not applicable.

Project Number	Report Title	Audit Type	Recommendations	
			New	Repeated
AGRICULTURE, DEPARTMENT OF				
791-0100-07	<p>Department of Agriculture - R</p> <p>The audit included an unqualified opinion on the Department of Agriculture's financial schedules. It identified three reportable conditions related to internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 5 programs as major programs and issued 5 unqualified opinions. It identified two reportable conditions related to internal control over major programs. It also identified two instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i>. However, it did identify one related reportable condition.</p>	Single	6	0
ATTORNEY GENERAL, DEPARTMENT OF				
111-0100-07	<p>Department of Attorney General - R</p> <p>The audit included an unqualified opinion on the Department of Attorney General's financial schedules. It identified one reportable condition related to internal control over financial reporting. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 2 programs as major programs and issued 2 unqualified opinions. It did not report any findings related to internal control over major programs. It also did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i>.</p>	Single	0	1
CIVIL RIGHTS, DEPARTMENT OF				
151-0100-07	<p>Department of Civil Rights - R</p> <p>The audit included an unqualified opinion on the Department of Civil Rights' (DCR's) financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 2 programs as major programs and issued 2 unqualified opinions. It did not report any findings related to internal control over major programs. It also did not identify</p>	Single	0	0

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
	any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that DCR was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i> .			
COMMUNITY COLLEGES				
032-0360-06	Washtenaw Community College The audit concluded that Washtenaw Community College was effective in its efforts to evaluate the quality of its educational programs. However, it noted one reportable condition. The audit also concluded that the College's admissions and monitoring practices were effective in helping students successfully complete their classes and programs. In addition, the audit concluded that the College was efficient in its use of educational program resources. However, it noted three reportable conditions. The audit further concluded that the College's efforts to allocate operating and service costs to auxiliary activities and programs were effective. However, it noted one reportable condition.	Performance	6	0
COMMUNITY HEALTH, DEPARTMENT OF				
391-0100-06	Department of Community Health - R The audit included an unqualified opinion on the Department of Community Health's (DCH's) financial schedules. It identified four reportable conditions related to internal control over financial reporting and considered one finding to be a material weakness. It did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered 9 programs as major programs and reported known questioned costs of \$125.4 million and known and likely questioned costs totaling \$151.7 million. DCH expended a total of \$11.5 billion in federal awards during the two-year period ended September 30, 2005. The audit included 7 unqualified opinions and 2 adverse opinions. It identified nine reportable conditions related to internal control over major programs and considered two findings to be material weaknesses. It also identified nine instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that DCH was not in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i> .	Single	14	1
391-0101-05	Biennial Internal Control Evaluation Process The audit concluded that DCH's efforts were moderately effective in coordinating the development of the biennial internal control evaluation (ICE) process. It identified one material condition and two reportable conditions. The audit also concluded that DCH assessable units' efforts were not effective in evaluating their internal control. It identified one material condition. In addition, the audit concluded that the Office of Audit's efforts were effective in evaluating DCH's biennial ICE process. However, it identified one reportable condition.	Performance	7	0

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
391-0305-06	<p>Mt. Pleasant Center, Bureau of Hospitals, Centers, and Forensic Mental Health Services</p> <p>The audit concluded that the Mt. Pleasant Center was moderately effective in its efforts to deliver selected patient care services. It noted two material conditions and three reportable conditions. The audit also concluded that the Center's efforts were moderately effective in safeguarding and efficiently using selected resources. It noted two material conditions and five reportable conditions.</p>	Performance	18	1
391-0702-05	<p>Court Originated Liability Section, Medical Services Administration</p> <p>The audit concluded that the Paternity Unit's efforts to identify pregnancy and birthing-related Medicaid costs for recovery by other governmental agencies were not effective. It noted five material conditions. The audit also concluded that the Casualty Unit's efforts to maximize the recovery of accident-related Medicaid costs from other responsible parties were not effective. It noted two material conditions and four reportable conditions.</p>	Performance	15	0
391-0900-05	<p>Caro Center, Bureau of Hospitals, Centers, and Forensic Mental Health Services</p> <p>The audit concluded that the Caro Center was effective in its efforts to deliver selected patient care services. However, it noted one material condition and one reportable condition. The audit also concluded that the Center's efforts were not effective in safeguarding and efficiently using selected resources. It noted three material conditions and seven reportable conditions. In addition, the audit concluded that the Center's efforts to investigate and resolve complaints about its operations were moderately effective. It noted one reportable condition.</p>	Performance	17	1
CORRECTIONS, DEPARTMENT OF				
471-0202-05	<p>Special Alternative Incarceration Program</p> <p>The audit concluded that the Department of Corrections' efforts to evaluate the benefits of the Special Alternative Incarceration Program (SAI) were moderately effective. It noted one reportable condition. The audit also concluded that SAI was generally in compliance with selected policies and procedures related to safety and security. However, it noted four reportable conditions. In addition, the audit concluded that SAI's food service operation was moderately effective and was efficient and that SAI's warehousing operation was effective and efficient. It noted one reportable condition. The audit further concluded that SAI's eligibility screening process was moderately effective and was efficient and that SAI's intake process was effective and efficient. It noted one reportable condition.</p>	Performance	7	1
471-0223-06	<p>Muskegon Correctional Complex</p> <p>The audit concluded that the Muskegon Correctional Complex was generally in compliance with selected policies and procedures related to safety and security. However, it noted seven reportable conditions. The audit also concluded that the Complex's efforts were effective in establishing and implementing controls for safeguarding prisoner accounts and prisoner store assets. However, it noted two</p>	Performance	15	0

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
	reportable conditions. In addition, the audit concluded that the Complex's food service operations were efficient. However, it noted one reportable condition.			
471-0257-06	<p>Robert Scott Correctional Facility</p> <p>The audit concluded that the Robert Scott Correctional Facility (RSCF) was generally in compliance with selected policies and procedures related to safety and security. However, it noted eleven reportable conditions. The audit also concluded that RSCF's food service operation was efficient. However, it noted one reportable condition. In addition, the audit concluded that RSCF was effective in its efforts to establish and implement controls for safeguarding prisoner assets.</p>	Performance	15	0
EDUCATION, MICHIGAN DEPARTMENT OF				
313-0140-02F	<p>Follow-Up Report on the Office of Professional Preparation Services</p> <p>The follow-up disclosed that the Department of Education had complied with 1 recommendation and had partially complied with 2 recommendations.</p>	Performance	N/A	N/A
313-0200-06	<p>Follow-Up Report on the Michigan Educational Assessment Program</p> <p>The follow-up disclosed that the Department of Education had complied with the 2 recommendations.</p>	Performance	N/A	N/A
ENVIRONMENTAL QUALITY, DEPARTMENT OF				
761-0153-06	<p>Land and Water Management Division</p> <p>The audit concluded that the Land and Water Management Division's (LWMD's) permit processing function was effective. However, it noted two reportable conditions. The audit also concluded that LWMD's efforts to resolve complaints regarding land and water resources were moderately effective. It noted two reportable conditions. In addition, the audit concluded that LWMD's efforts in monitoring wetlands were effective. However, it noted one reportable condition. The audit further concluded that LWMD's efforts in monitoring required dam safety inspections and emergency action plans were effective. The audit also concluded that LWMD's efforts in monitoring Great Lakes marina lease requirements were effective. In addition, the audit concluded that LWMD's controls over cash receipts were moderately effective. It noted one reportable condition.</p>	Performance	7	0
761-0590-05	<p>Selected General and Application Controls, Department of Environmental Quality and Department of Information Technology</p> <p>The audit concluded that the Department of Environmental Quality (DEQ) and the Department of Information Technology (DIT) were not effective in their efforts to establish appropriate security and access controls over data and data systems. It noted one material condition and one reportable condition. The audit also concluded that DEQ and DIT were not effective in their efforts to establish appropriate change management controls over data and data systems. It noted one material condition. In addition, the audit concluded that DEQ and DIT were not effective in their efforts to establish appropriate backup and recovery controls over</p>	Performance	5	0

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>

data and data systems. It noted one reportable condition. The audit further concluded that DEQ and DIT were moderately effective in their efforts to ensure the integrity of data for Navision and LABWORKS. It noted one reportable condition.

HISTORY, ARTS AND LIBRARIES, DEPARTMENT OF

251-0100-07	<p>Department of History, Arts and Libraries - R</p> <p>The audit included an unqualified opinion on the Department of History, Arts and Libraries' (HAL's) financial schedules. It identified one reportable condition related to internal control over financial reporting. It also identified one instance of non-compliance or other matters applicable to the financial schedules that is required to be reported under <i>Government Auditing Standards</i> and one related reportable condition. The audit covered 3 programs as major programs and identified known questioned costs of \$1.4 million. HAL expended a total of \$13.6 million in federal awards during the two-year period ended September 30, 2006. The audit included 2 unqualified opinions and 1 adverse opinion. It identified one reportable condition related to internal control over major programs and considered that finding to be a material weakness. It also identified one instance of noncompliance that is required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that HAL was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i>.</p>	Single	3	2
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HUMAN SERVICES, DEPARTMENT OF

431-0100-07	<p>Department of Human Services - R</p> <p>The audit included unqualified opinions on the Department of Human Services' (DHS's) financial schedules and on the financial statements of the Children's Trust Fund. It identified two reportable conditions related to internal control over financial reporting and considered one finding to be a material weakness. It did not identify any instances of noncompliance or other matters applicable to the financial schedules and/or financial statements that are required to be reported under <i>Government Auditing Standards</i>. However, it did identify three reportable conditions. The audit covered 14 programs as major programs and identified known questioned costs of \$96.0 million and known and likely questioned costs totaling \$518.6 million. DHS expended a total of \$6.2 billion in federal awards during the two-year period ended September 30, 2006. The audit included 5 unqualified opinions, 6 qualified opinions, and 3 adverse opinions. It identified eighteen reportable conditions related to internal control over major programs and considered eight findings to be material weaknesses. In addition, the audit identified nineteen recommendations related to internal control over major programs that were repeated from our prior report for the two-year period ended September 30, 2004, many of which were also reported in earlier DHS Single Audits. It also identified eighteen instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that DHS was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i>.</p>	Single	7	20
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AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
431-0142-06	<p>Michigan State Disbursement Unit, Office of Child Support</p> <p>The audit concluded that the Michigan State Disbursement Unit's (MiSDU's) efforts in monitoring the contract with its service provider were effective. However, it disclosed two reportable conditions. The audit also concluded that MiSDU's efforts were effective in ensuring that the receipt and disbursement of child support remittances were accurate and timely. However, it disclosed one reportable condition. In addition, the audit concluded that MiSDU's efforts were effective in resolving unidentified child support remittances.</p>	Performance	3	0
431-0272-06	<p>Adrian Training School</p> <p>The audit concluded that the Adrian Training School's (ATS's) efforts to ensure the effectiveness of its rehabilitation programs were effective. However, it disclosed one reportable condition. The audit also concluded that ATS's efforts to ensure the safety of its residents were effective.</p>	Performance	1	0
431-0286-05	<p>Community Programming and Support Services Division</p> <p>The audit concluded that the Community Programming and Support Services Division's (CPSSD's) process for approving State-reimbursed county program plans was effective and efficient. However, it disclosed one reportable condition. The audit also concluded that CPSSD's efforts in evaluating the effectiveness and efficiency of State-reimbursed county programs were moderately effective. It disclosed one reportable condition.</p>	Performance	2	0
431-0316-06	<p>Training and Staff Development</p> <p>The audit concluded that DHS was moderately effective and was efficient in administering the training and staff development functions. It identified one material condition and one reportable condition. The audit also concluded that DHS was not effective in evaluating its training programs. It identified one material condition and one reportable condition. In addition, the audit concluded that DHS was effective in ensuring that protective service workers met the bachelor's degree requirement.</p>	Performance	5	0
INFORMATION TECHNOLOGY, DEPARTMENT OF				
084-0555-05	<p>Network Application Server Controls</p> <p>The audit concluded that the Department of Information Technology's (DIT's) efforts to ensure that network application servers have been properly configured in accordance with standards and best practices were not effective. It noted two material conditions. The audit also concluded that DIT's policies and procedures to ensure the security of network application servers were not effective. It noted one material condition. In addition, the audit concluded that DIT's management plans to support the system administration function were not effective. It noted one material condition.</p>	Performance	4	0

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
084-0580-06	<p>Data Center Operations</p> <p>The audit concluded that DIT was moderately effective in administering the State's hosting centers. It noted one material condition and four reportable conditions. The audit also concluded that DIT's efforts to protect the State's hosting centers from physical and environmental threats were moderately effective. It noted one material condition and one reportable condition. In addition, the audit concluded that DIT's efforts to control access to the State's data exchange gateway were moderately effective. It noted one material condition.</p>	Performance	7	2
084-0581-06	<p>Enterprise Information Security Program</p> <p>The audit concluded that DIT's efforts to fully implement an effective information security framework were not effective. It noted four material conditions. The audit also concluded that DIT's efforts to evaluate and manage the State's exposure to information security risks were moderately effective. It noted three material conditions. In addition, the audit concluded that DIT's efforts to evaluate and enforce compliance with information security policies and procedures were moderately effective. It noted two material conditions.</p>	Performance	11	0
JUDICIAL				
950-0150-07	<p>State-Funded Judicial Operations - R</p> <p>The audit included an unqualified opinion on the State-funded judicial operations' financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 5 programs as major programs and issued 5 unqualified opinions. It identified one reportable condition related to internal control over major programs. It did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.</p>	Single	1	0
950-0215-05	<p>Child Welfare Services, State Court Administrative Office</p> <p>The audit concluded that Child Welfare Services' (CWS's) efforts were moderately effective in identifying barriers that inhibit permanent placement for foster care children. It noted three reportable conditions. The audit also concluded that CWS's efforts were moderately effective in advocating for changes that would expedite permanent placement for children in foster care. It noted one reportable condition. In addition, the audit concluded that CWS's efforts to administer FCRBP were effective. However, it noted two reportable conditions.</p>	Performance	4	2
LABOR AND ECONOMIC GROWTH, DEPARTMENT OF				
641-0100-07	<p>Department of Labor and Economic Growth - R</p> <p>The audit included an unqualified opinion on the Department of Labor and Economic Growth's (DLEG's) financial schedules. It did not report any findings re-</p>	Single	9	1

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
	lated to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered 11 programs as major programs and reported known questioned costs of \$2.0 million and known and likely questioned costs totaling \$2.0 million. DLEG expended \$905.9 million in federal awards during the two-year period ended September 30, 2006. The audit included 10 unqualified opinions and 1 qualified opinion. It identified ten reportable conditions related to internal control over major programs and considered one finding to be a material weakness. It also identified ten instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that DLEG was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i> .			
641-0350-06	Michigan Career and Technical Institute The audit concluded that the Michigan Career and Technical Institute (MCTI) was effective in evaluating its success in preparing students for and placing students in competitive employment. However, it noted two reportable conditions. The audit also concluded that MCTI was effective in helping students successfully complete their training. However, it noted one reportable condition.	Performance	4	0
641-0425-06L	Utility Consumer Participation Board The audit concluded that the Utility Consumer Participation Board was effective in its efforts to award grants to qualified applicants in accordance with applicable statutes and administrative rules. However, it noted one reportable condition. The audit also concluded that the Board was moderately effective in its efforts to verify that grantees provided equitable representation of residential utility customers' interests at proceedings before the Michigan Public Service Commission. It noted two reportable conditions. In addition, the audit concluded that the Board was generally in compliance with its enabling legislation. However, it noted one reportable condition.	Performance	4	0
64-500-06	Selected Community Colleges' Reporting of Activities Classification Structure Data The audit concluded that the selected community colleges generally did not report the activities classification structure (ACS) data to DLEG in accordance with the provisions of the annual appropriations act for community colleges (Act 154, P.A. 2005), the ACS Manual 2003 for Michigan Community Colleges, the Manual for Uniform Financial Reporting of Michigan Public Community Colleges, and DLEG's annual instructions. The audit noted five material conditions and seven reportable conditions.	Performance	12	0
641-0591-06	Operating System Controls for the Unemployment Insurance Agency's Mainframe Information Systems, Department of Information Technology and Department of Labor and Economic Growth The audit concluded that the Department of Information Technology's efforts to configure the operating system software to ensure the confidentiality, integrity,	Performance	4	0

AUDIT AND LETTER REPORTS COMPLETED
DURING FISCAL YEAR 2006-07

<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
	and availability of the Unemployment Insurance Agency's mainframe information systems were not effective. It noted four material conditions.			
641-0810-07	Michigan Broadband Development Authority (A Component Unit of the State of Michigan) The audit included an unqualified opinion on the Michigan Broadband Development Authority's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	0	0
LEGISLATURE				
900-0140-07	Michigan Legislative Retirement System The audit included an unqualified opinion on the Michigan Legislative Retirement System's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .	Financial	0	0
MANAGEMENT AND BUDGET, DEPARTMENT OF				
071-0010-07	State of Michigan Comprehensive Annual Financial Report, Office of the State Budget, Fiscal Year 2005-06 - R	Financial	8	1
071-0030-07	*Revenue Subject to Constitutional Limitation (Legal Basis) of the State of Michigan (Section 26), Fiscal Year 2005-06 - R	Financial	N/A	N/A
071-0031-07	*Proportion of Total State Spending from State Sources Paid to Units of Local Government (Legal Basis) of the State of Michigan (Section 30), Fiscal Year 2005-06 - R	Financial	N/A	N/A
071-0100-07	Program-Specific Audit, in Accordance with the Single Audit Act Amendments of 1996, of the Donation of Federal Surplus Personal Property Program - R The audit included an unqualified opinion on the Department of Management and Budget's schedule of expenditures of federal awards. The audit covered 1 federal program and included 1 unqualified opinion. It identified two reportable conditions related to internal control over the federal program. It also identified two instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.	Single	2	0
071-0305-07	Michigan Exposition and Fairgrounds Authority (A Component Unit of the State of Michigan) The audit included an unqualified opinion on the Michigan Exposition and Fairgrounds Authority's financial statements. It did not report any findings related to	Financial	0	0

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<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
	internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i> .			
STATE, DEPARTMENT OF				
231-0100-07	Department of State - R The audit included an unqualified opinion on the Department of State's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> . The audit covered 1 program as a major program and issued 1 unqualified opinion. It did not report any findings related to internal control over major programs. It also did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that the Department was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i> .	Single	0	0
231-0290-05	Releasing Driver and Vehicle Records, Bureau of Driver and Vehicle Records The audit concluded that the Bureau of Driver and Vehicle Records was effective in its efforts to ensure that it released driver and vehicle records as permitted by federal and State requirements. However, it noted one reportable condition. The audit also concluded that the Department was moderately effective in its efforts to monitor the use of driver and vehicle records by authorized customers. It noted one reportable condition.	Performance	3	0
231-0590-03F	Follow-Up Report on Automated Information Systems, Department of State and Department of Information Technology The follow-up disclosed that the Department of State and the Department of Information Technology had generally complied with 1 recommendation and had partially complied with 5 recommendations.	Performance	N/A	N/A
STATE POLICE, MICHIGAN DEPARTMENT OF				
55-101-05	Michigan Justice Training Fund, Michigan Commission on Law Enforcement Standards The audit included an unqualified opinion on the Michigan Justice Training Fund's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i> .	Financial	0	0

AUDIT AND LETTER REPORTS COMPLETED
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<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
TRANSPORTATION, MICHIGAN DEPARTMENT OF				
591-0100-07	<p>Michigan Department of Transportation</p> <p>The audit included an unqualified opinion on the Michigan Department of Transportation's (MDOT's) financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 3 programs as major programs and issued 3 unqualified opinions. It identified one reportable condition related to internal control over major programs. It did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. The audit determined that MDOT was in substantial compliance with Sections 18.1483 - 18.1487 of the <i>Michigan Compiled Laws</i>.</p>	Single	1	0
591-0105-06	<p>Use of Transportation-Related Funding</p> <p>The audit determined that the charges to transportation funds were generally appropriate for 3 of 5 selected State agencies for fiscal years 2004-05 and 2003-04. However, it disclosed one reportable condition. The audit also determined that the selected State agencies generally complied with contractual and reporting requirements for transportation-related funding. In addition, the audit reported the services charged to transportation funds, the cost allocation methodologies used in determining the level of funding, and the unreimbursed costs as supplemental information.</p>	Performance	2	0
591-0590-06	<p>Michigan Department of Transportation Architecture Project, User Application and Registration System, Bid Express System, and Construction Related Systems, Michigan Department of Transportation and Department of Information Technology</p> <p>The audit concluded that Michigan Department of Transportation (MDOT) and Department of Information Technology (DIT) security and access controls over selected information systems were not effective. It noted one material condition and five reportable conditions. The audit also concluded that MDOT and DIT were moderately effective in their efforts to ensure the integrity of data for selected information systems. It noted two reportable conditions.</p>	Performance	6	2
TREASURY, DEPARTMENT OF				
271-0230-05	<p>Individual Income Tax Return Processing</p> <p>The audit concluded that the Department of Treasury's use of data available from external sources to identify unreported individual income tax (IIT) and initiate assessments in a timely manner was not effective. It disclosed two material conditions. The audit also concluded that the Department's efforts to ensure that it processed IIT returns in an accurate and timely manner were moderately effective. It noted six reportable conditions.</p>	Performance	11	0

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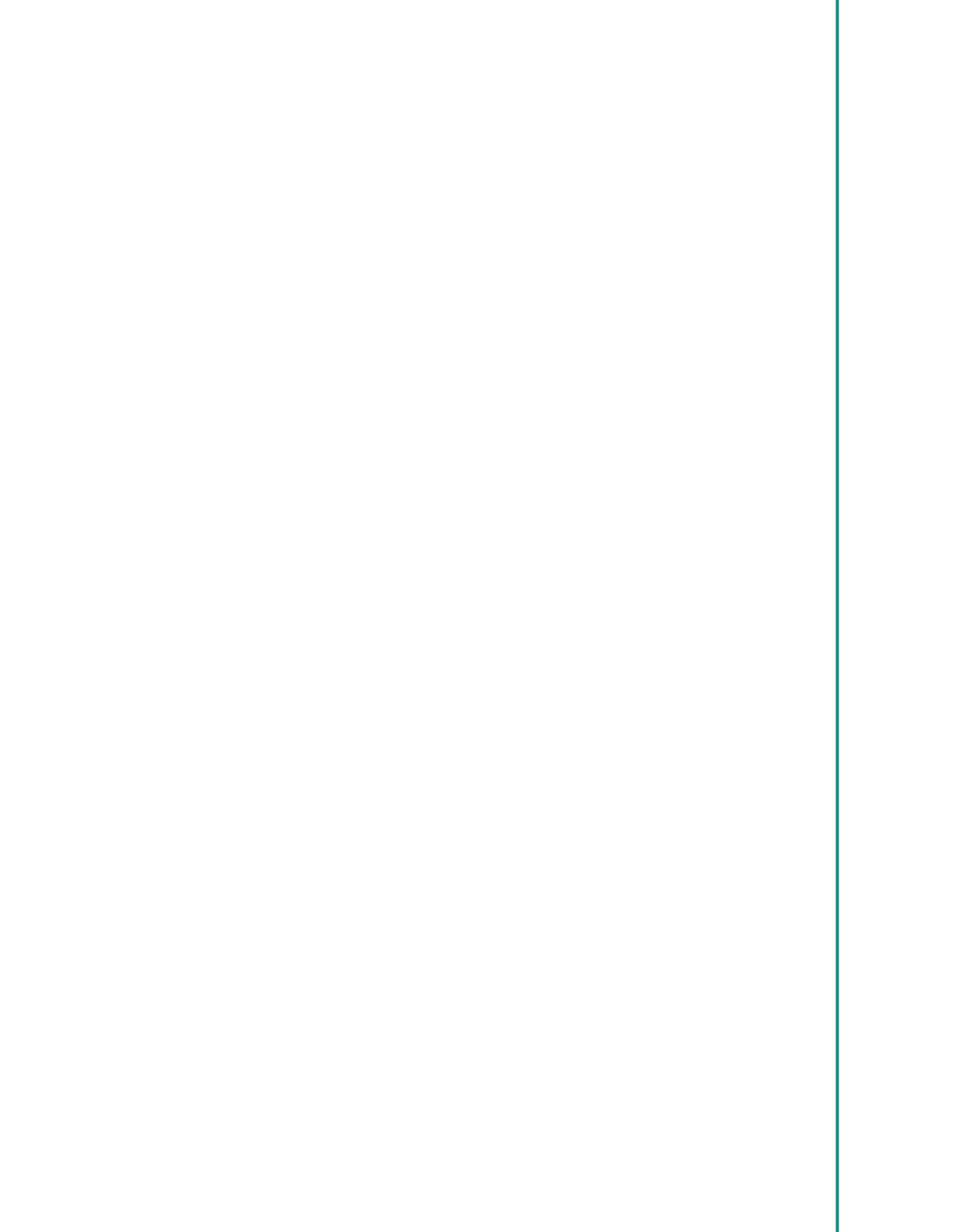
Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0265-06	<p>Commercial Mobile Radio Service Emergency Telephone Fund, Department of Treasury and Michigan Department of State Police - R</p> <p>The audit included an unqualified opinion on the Commercial Mobile Radio Service Emergency Telephone Fund's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0265-07	<p>Commercial Mobile Radio Service Emergency Telephone Fund, Department of Treasury and Michigan Department of State Police - R</p> <p>The audit included an unqualified opinion on the Commercial Mobile Radio Service Emergency Telephone Fund's financial schedules. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0283-07	<p>Michigan Education Trust Plan D (A Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Michigan Education Trust Plan D financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0284-07	<p>Michigan Education Trust Plans B and C (A Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Michigan Education Trust Plans B and C financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0285-07	<p>Michigan Tobacco Settlement Finance Authority (A Blended Component Unit of the State of Michigan)</p> <p>The audit included an unqualified opinion on the Michigan Tobacco Settlement Finance Authority's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>.</p>	Financial	0	0
271-0290-02F	<p>Follow-Up Report on the Bureau of Local Government Services</p> <p>The follow-up disclosed that the Bureau of Local Government Services and the Department of Treasury had complied with 7 recommendations, had generally complied with 2 recommendations, had partially complied with 5 recommendations, and had not complied with 5 recommendations. One recommendation was no longer applicable.</p>	Performance	N/A	N/A

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Project Number	Report Title	Project Type	Recommendations	
			New	Repeated
271-0295-05	<p>Customer Contact Process</p> <p>The audit concluded that the Department of Treasury was moderately effective in performing its single business tax (SBT)/sales, use, and withholding (SUW) business registration functions. It noted one reportable condition. The audit also concluded that the Department was effective in communicating with taxpayers. However, it noted one reportable condition. In addition, the audit concluded that the Department's procedures were effective in maintaining SUW taxpayer accounts and resolving account discrepancies. However, it noted one reportable condition.</p>	Performance	3	0
271-0400-07	<p>Michigan Strategic Fund (A Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Michigan Strategic Fund's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>. The audit included 1 program as a major program and issued 1 unqualified opinion. It did not report any findings related to internal control over major programs. It also did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.</p>	Single	0	0
271-0405-07	<p>Michigan Economic Development Corporation (A Component Unit of the State of Michigan) - R</p> <p>The audit included an unqualified opinion on the Michigan Economic Development Corporation's financial statements. It did not report any findings related to internal control over financial reporting. It also did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under <i>Government Auditing Standards</i>. The audit covered 1 program as a major program and issued 1 unqualified opinion. It did not report any findings related to internal control over major programs. It also did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.</p>	Single	0	0
271-0410-07	<p>21st Century Jobs Trust Fund Programs, Michigan Strategic Fund and Strategic Economic Investment and Commercialization Board</p> <p>The audit concluded that the Michigan Strategic Fund's (MSF's) processes for awarding grants, loans, and contracts and making investments for economic development were effective. The audit also concluded that the Strategic Economic Investment and Commercialization Board's processes for awarding grants, loans, and contracts to encourage the development of competitive edge technologies to create jobs in the State were effective. In addition, the audit reported that MSF had not begun its evaluation of economic development outcome data as of June 30, 2007. As a result, the audit could not conclude on the effectiveness of MSF's processes for evaluating the economic development outcomes of the 21st Century Jobs Trust Fund programs.</p>	Performance	0	0

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<u>Project Number</u>	<u>Report Title</u>	<u>Project Type</u>	<u>Recommendations</u>	
			<u>New</u>	<u>Repeated</u>
271-0900-06	<p>Michigan Gaming Control Board</p> <p>The audit concluded that the Michigan Gaming Control Board's (MGCB's) regulatory and enforcement activities were moderately effective for the three commercial casinos in Detroit. It noted three reportable conditions. The audit also concluded that MGCB's monitoring activities for tribal gaming to ensure compliance with tribal and State gaming compacts, federal law, and related consent judgments were effective. However, it noted two reportable conditions.</p>	Performance	6	0
UNIVERSITIES				
331-0305-05	<p>Tuition and Other Financial Obligations Assessed to Students at Michigan Public Universities</p> <p>The audit concluded that, collectively, Michigan public universities were effective in publicly disclosing all tuition and other financial obligations assessed to their students. The audit also concluded that Michigan public universities were in compliance with tuition restraint requirements prescribed by Section 436, Act 352, P.A. 2004. However, the report does include a related observation regarding student fees. In addition, the audit analyzed and provided data regarding Michigan public universities' establishment and assessment of tuition and other financial obligations assessed to their students, noting one reportable condition and four observations.</p>	Performance	2	0
			<u>257</u>	<u>35</u>





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