



OAG

Office of the Auditor General

Report Summary

Performance Audit

Report Number:
000-2016-16

Flint Emergency Expenditures

State of Michigan

Released:
July 2016

On January 5, 2016, Governor Snyder declared a State of Emergency for Genesee County (referred to as the Flint declaration of emergency) due to the ongoing health and safety issues caused by elevated lead levels in the City of Flint's drinking water. The Legislature enacted numerous appropriations to address this situation, both as supplemental appropriations to and transfers within the fiscal year 2016 budget and spending authorization provided in the fiscal year 2017 budget. As of June 3, 2016 supplemental appropriations for fiscal year 2016 totaled \$67.4 million and seven State departments have expended a total of \$29.3 million. Public Act 3 of 2016 requires the Office of the Auditor General to audit the use of the funds appropriated for this emergency and report at a minimum of every six months until the funds are expended. This is our first report on the expenditure of these funds.

Audit Objective			Conclusion
Objective #1: To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of June 3, 2016.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable	Not applicable	Not applicable
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The reconnection agreement between the City of Flint and the Detroit Water and Sewerage Department requires that any remaining balance in the deposit account established to offset the City of Flint's water charges be returned to the City of Flint. The appropriation act boilerplate is silent on the use of any returned funds. The Legislature may want to consider including language that specifies the use of any returned funds. (<u>Observation, Exhibit 2</u>).	Not applicable	Not applicable	Not applicable

Audit Objective			Conclusion
Objective #2: To report State agencies' expenditures of the Flint declaration of emergency appropriations.			Information provided.
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable	Not applicable	Not applicable
Exhibits Related to This Audit Objective			
<u>Exhibit #1</u> - Department of Licensing and Regulatory Affairs <u>Exhibit #2</u> - Department of Environmental Quality <u>Exhibit #3</u> - Michigan Department of Health and Human Services <u>Exhibit #4</u> - Michigan Department of Education <u>Exhibit #5</u> - Department of Military and Veterans Affairs <u>Exhibit #6</u> - Michigan Department of State Police <u>Exhibit #7</u> - Department of Treasury			

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.audgen.michigan.gov

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