

**Office of the Auditor General**  
Financial Audit Including Report on Internal Control, Compliance, and  
Other Matters

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**Emergency 9-1-1 Fund**  
Michigan Department of State Police and Department of Treasury  
Fiscal Years Ended September 30, 2015 and September 30, 2014

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State of Michigan Auditor General  
Doug A. Ringler, CPA, CIA

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**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*

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Office of the Auditor General

## Report Summary

### *Financial Audit Including Report on Internal Control, Compliance, and Other Matters*

### *Emergency 9-1-1 Fund*

### *Michigan Department of State Police and Department of Treasury Fiscal Years Ended September 30, 2015 and September 30, 2014*

**Report Number:  
271-0265-16**

**Released:  
October 2016**

The Emergency 9-1-1 Fund was created in 1999 to provide funding to implement Public Act 32 of 1986, as amended, known as the Emergency 9-1-1 Service Enabling Act, and to implement the Federal Communications Commission's wireless emergency service order. The Act was subsequently amended to provide for the ongoing costs of operating, maintaining, and upgrading Michigan's 9-1-1 system. The Fund is administered by the Michigan Department of State Police and the Department of Treasury. This financial audit of the Emergency 9-1-1 Fund is required by Public Act 32 of 1986, as amended.

#### Auditor's Report Issued

UNMODIFIED OPINION

MODIFIED OPINION

We issued an unmodified opinion on the Fund's financial schedules to reflect that they were fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Findings Related to Internal Control, Compliance, and Other Matters	Material Weakness	Significant Deficiency	Agency Preliminary Response
Treasury did not ensure that its 9-1-1 database (its subsidiary record for the Emergency 9-1-1 Fund) was accurate and up to date. We identified revenue of approximately \$330,000 that may not have been collected and the need for reconciliations that could result in over \$2 million in additional collections ( <u>Finding #1</u> ).		X	Agrees

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](http://www.audgen.michigan.gov)

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

**Doug A. Ringler, CPA, CIA**  
Auditor General

**Laura J. Hirst, CPA**  
Deputy Auditor General



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Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

October 26, 2016

Mr. Tim Smith, Chair  
State 9-1-1 Committee  
Ottawa County Central Dispatch Authority  
12101 Stanton Street  
West Olive, Michigan  
and  
Colonel Kriste Kibbey Etue, Director  
Michigan Department of State Police  
7150 Harris Drive  
Dimondale, Michigan

Mr. Nick A. Khouri, State Treasurer  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Smith, Colonel Etue, and Mr. Khouri:

This is our report on the financial audit of the Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury, for the fiscal years ended September 30, 2015 and September 30, 2014. This financial audit is required by Public Act 32 of 1986, as amended.

This report contains our report summary, our independent auditor's report on the financial schedules and other reporting required by *Government Auditing Standards*, and the Emergency 9-1-1 Fund's financial schedules. This report also contains our independent auditor's report on internal control over financial reporting and on compliance and other matters; our finding, recommendation, and agency preliminary response; and a glossary of abbreviations and terms.

The agency preliminary response was taken from the agencies' response at the end of our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agencies develop a plan to comply with the audit recommendation and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler  
Auditor General



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# INDEPENDENT AUDITOR'S REPORT AND FINANCIAL SCHEDULES



# OAG

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**Doug A. Ringler, CPA, CIA**  
Auditor General

Independent Auditor's Report on the Financial Schedules  
and Other Reporting Required by *Government Auditing Standards*

Mr. Tim Smith, Chair  
State 9-1-1 Committee  
Ottawa County Central Dispatch Authority  
12101 Stanton Street  
West Olive, Michigan  
and  
Colonel Kriste Kibbey Etue, Director  
Michigan Department of State Police  
7150 Harris Drive  
Dimondale, Michigan

Mr. Nick A. Khouri, State Treasurer  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Smith, Colonel Etue, and Mr. Khouri:

### **Report on the Financial Schedules**

We have audited the accompanying financial schedules of the Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury, for the fiscal years ended September 30, 2015 and September 30, 2014 and the related notes to the financial schedules as listed in the table of contents.

### **Management's Responsibility for the Financial Schedules**

Management is responsible for the preparation and fair presentation of these financial schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial schedules referred to in the first paragraph present fairly, in all material respects, the revenues and the sources and disposition of authorizations of the Emergency 9-1-1 Fund for the fiscal years ended September 30, 2015 and September 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial schedules present only the revenues and the sources and disposition of authorizations for the Emergency 9-1-1 Fund's accounts. Accordingly, these schedules do not purport to, and do not, present a complete financial presentation of either the Fund or the State's General Fund as of September 30, 2015 and September 30, 2014 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Sincerely,



Doug Ringler  
Auditor General  
September 22, 2016

EMERGENCY 9-1-1 FUND  
Michigan Department of State Police and Department of Treasury  
Schedule of Revenues  
Fiscal Years Ended September 30

	2015	2014
REVENUES		
Tax revenue (Note 2):		
9-1-1 service charges	\$ 28,081,543	\$ 28,409,889
Miscellaneous revenues:		
Common cash earnings - Nonoperating	12,704	9,458
Refund of prior year expenditure	40,488	45,106
Total revenues	\$ 28,134,735	\$ 28,464,453

The accompanying notes are an integral part of the financial schedules.

EMERGENCY 9-1-1 FUND  
Michigan Department of State Police and Department of Treasury  
Schedule of Sources and Disposition of Authorizations  
Fiscal Years Ended September 30

	<u>2015</u>	<u>2014</u>
<b>SOURCES OF AUTHORIZATIONS (Note 3)</b>		
Balances carried forward	\$ 7,483,603	\$ 7,230,593
Restricted financing sources	<u>28,134,735</u>	<u>28,464,453</u>
 Total	 <u><u>\$ 35,618,338</u></u>	 <u><u>\$ 35,695,046</u></u>
 <b>DISPOSITION OF AUTHORIZATIONS (Note 3)</b>		
Expenditures:		
Local exchange providers	\$ 1,978,075	\$ 1,151,697
Counties - Equal distributions	9,269,678	9,377,533
Counties - Per capita distributions	13,904,583	14,066,334
Public safety answering points - Training	1,763,554	1,837,636
State Police administration of the regional dispatch center	187,034	975,153
State Police administration of the 9-1-1 office	305,862	680,358
Department of Treasury - Emergency 9-1-1 administration	126,374	122,732
Total expenditures	<u>\$ 27,535,159</u>	<u>\$ 28,211,443</u>
Balances carried forward:		
Restricted revenues - Authorized (Note 3)		
Local exchange providers	\$ 4,809,495	\$ 4,734,683
Public safety answering points - Training	1,692,917	1,720,292
Restricted revenues - Not authorized or used (Note 3)		
State Police administration of the regional dispatch center	789,572	448,216
State Police administration of the 9-1-1 office	791,195	580,412
Total balances carried forward	<u>\$ 8,083,179</u>	<u>\$ 7,483,603</u>
 Total	 <u><u>\$ 35,618,338</u></u>	 <u><u>\$ 35,695,046</u></u>

The accompanying notes are an integral part of the financial schedules.

## NOTES TO THE FINANCIAL SCHEDULES

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### Note 1

#### Significant Accounting Policies

a. Reporting Entity

The accompanying financial schedules report the results of the financial transactions of the Emergency 9-1-1 Fund, administered by the Michigan Department of State Police (MSP) and the Department of Treasury (Treasury), for the fiscal years ended September 30, 2015 and September 30, 2014. The financial transactions of the Fund are accounted for as a restricted subfund within the State's General Fund and are reported on in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*.

The notes accompanying these financial schedules relate directly to the Emergency 9-1-1 Fund. The *SOMCAFR* provides more extensive disclosures regarding the State's significant accounting policies; budgeting, budgetary control, and legal compliance; pension benefits; and other postemployment benefits.

The Fund was created in 1999 to provide funding to implement Public Act 32 of 1986, as amended, known as the Emergency 9-1-1 Service Enabling Act, and to implement the Federal Communications Commission's (FCC's) wireless emergency service order. The wireless emergency service order provides for enhanced 9-1-1 service to identify the location and telephone number of a mobile telephone caller. All Michigan counties have been in compliance with the FCC's wireless emergency service order since May 2008. The Act was subsequently amended to provide for the ongoing costs of operating, maintaining, and upgrading Michigan's 9-1-1 system\*.

The Act established the Emergency 9-1-1 Service Committee within MSP to provide oversight, including developing Statewide standards, determining county and public safety answering point\* (PSAP) eligibility for funding, notifying service suppliers\* of 9-1-1 service charges\*, recommending changes in 9-1-1 service charges and distribution percentages, and collecting and reporting data to the Legislature. In June 2008, the Emergency 9-1-1 Service Committee changed its name to the State 9-1-1 Committee. Treasury collects the 9-1-1 service charges and expends the funds as required in the Act. Public Act 260 of 2012 repeals the Act effective December 31, 2021.

\* See glossary at end of report for definition.

b. Measurement Focus, Basis of Accounting, and Presentation

The financial schedules contained in this report are presented using the current financial resources measurement focus and the modified accrual basis of accounting, as provided by accounting principles generally accepted in the United States of America. Under the modified accrual basis of accounting, revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred; however, certain expenditures related to long-term obligations are recorded only when payment is due and payable.

The accompanying financial schedules present only the revenues and the sources and disposition of authorizations for the Emergency 9-1-1 Fund's accounts. Accordingly, these financial schedules do not purport to, and do not, constitute a complete financial presentation of either the Fund or the State's General Fund in conformity with accounting principles generally accepted in the United States of America.

**Note 2**

Schedule of Revenues

Public Act 32 of 1986, as amended, provides for 9-1-1 service charges to be collected by service suppliers and sellers\* from service users\* and prepaid consumers\*, respectively, and remitted to the Emergency 9-1-1 Fund. The Act imposes 9-1-1 service charges on service users and prepaid consumers of all communication devices, which generally include local telephone, cellular telephone, wireless communication, and interconnected voice over Internet devices that can access emergency services by dialing 9-1-1.

The Act provides for a \$0.19 monthly 9-1-1 service charge on all communication devices, except prepaid wireless. These 9-1-1 service charges are collected from service users by service suppliers and remitted to the Emergency 9-1-1 Fund quarterly.

The Act was amended by Public Act 433 of 2012 to provide for a prepaid wireless 9-1-1 surcharge\* of 1.92% per retail transaction\*. The prepaid wireless 9-1-1 surcharges are collected from prepaid consumers by sellers and remitted to the Emergency 9-1-1 Fund monthly. Prior to January 2013, prepaid wireless surcharges were remitted using the same method as other communication devices.

\* See glossary at end of report for definition.

### Note 3

#### Schedule of Sources and Disposition of Authorizations

The various elements of the schedule of sources and disposition of authorizations are defined as follows:

- a. Balances carried forward: Authorizations for restricted revenues - authorized and restricted revenues - not authorized or used that were not spent as of the end of the prior fiscal year. These authorizations are available for expenditure in the current fiscal year for the purpose of the carry-forward without additional legislative authorization, except for the restricted revenues - not authorized or used.
- b. Restricted financing sources: Collections of restricted revenues used to finance programs as detailed in Public Act 32 of 1986, as amended. In general, these financing sources are authorized for expenditure up to the amount of revenue recorded. Any amounts not expended at year-end are carried forward to the next fiscal year as restricted revenues - authorized and restricted revenues - not authorized or used.
- c. Expenditures: Public Act 32 of 1986, as amended, provides for the revenue collected in the Emergency 9-1-1 Fund to be distributed to local exchange providers\* (7.75%), counties on an equal basis (40% of 82.5%), counties on a per capita basis (60% of 82.5%), PSAPs (6.0%), MSP for a regional dispatch center (1.88%), MSP for administration and the 9-1-1 coordinator (1.87%), and Treasury for administration (\$150,000):
  - (1) Local exchange providers: These expenditures are payments for reimbursement of costs related to wireless emergency service.
  - (2) Counties - Equal distributions: These expenditures are each county's share of the 9-1-1 service charges collected by Treasury and distributed on an equal basis to all counties that had a final 9-1-1 plan\* in place. The counties then distribute the funds to the PSAPs within their service district to operate Michigan's 9-1-1 system.
  - (3) Counties - Per capita distributions: These expenditures are each county's share of the 9-1-1 service charges collected by Treasury and distributed based on the county populations to all counties that have a final 9-1-1 plan in place. The counties then distribute the funds to the PSAPs within their service district to operate Michigan's 9-1-1 system.

\* See glossary at end of report for definition.



- (4) Public safety answering points - Training: These expenditures are payments to PSAPs for training personnel assigned to 9-1-1 centers. The submission of a request for funds and approval by the State 9-1-1 Committee are required before funds can be distributed to the PSAPs.
  - (5) State Police administration: These expenditures are costs incurred by MSP to administer the Act, maintain the office of the State 9-1-1 coordinator, and operate a regional dispatch center.
  - (6) Department of Treasury - Emergency 9-1-1 administration: These expenditures are administrative costs incurred by Treasury as authorized by Public Act 113 of 2013 from revenues not distributed to local exchange providers.
- d. Restricted revenues - Authorized: Revenues that, by statute (Public Act 32 of 1986, as amended), are restricted and authorized for use to a particular program or activity. Generally, these revenues may be expended upon receipt without additional legislative authorization.
  - e. Restricted revenues - Not authorized or used: Revenues that, by statute (Public Act 32 of 1986, as amended), are restricted for use to a particular program or activity. Generally, the expenditure of the restricted revenues is subject to annual legislative appropriation.



# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE



# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Mr. Tim Smith, Chair  
State 9-1-1 Committee  
Ottawa County Central Dispatch Authority  
12101 Stanton Street  
West Olive, Michigan  
and  
Colonel Kriste Kibbey Etue, Director  
Michigan Department of State Police  
7150 Harris Drive  
Dimondale, Michigan

Mr. Nick A. Khouri, State Treasurer  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Smith, Colonel Etue, and Mr. Khouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial schedules of the Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury, for the fiscal years ended September 30, 2015 and September 30, 2014 and the related notes to the financial schedules and have issued our report thereon dated September 22, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial schedules, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial schedules will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, as described in Finding #1, that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Emergency 9-1-1 Fund's Response to Finding**

The Fund's preliminary response to the finding identified in our audit is included in the body of our report. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial schedules and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Doug Ringler  
Auditor General  
September 22, 2016



# FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

## FINDING #1

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### Treasury needs to update its 9-1-1 database with revenue reported in MAIN.

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Treasury did not ensure that its 9-1-1 database (its subsidiary record) was accurate and up to date. As a result, we identified outstanding revenue that Treasury may not have collected and variances between total revenue reported in the financial schedules and the 9-1-1 database.

Section 18.1485 of the *Michigan Compiled Laws* requires each department to establish and maintain an internal accounting and administrative control system using generally accepted accounting principles\*, including recordkeeping procedures and internal control\* techniques that are effective and efficient.

Treasury is responsible for processing payments received from telecommunication suppliers (suppliers) and prepaid wireless telecommunication service sellers (retailers), and the batch totals are recorded in the Michigan Administrative Information Network\* (MAIN). Detail from each remittance form, including the remitting party, the amount due, and the amount paid, is recorded in the 9-1-1 database. Our review disclosed:

- a. Treasury did not update the 9-1-1 database for all errors identified during the monthly reconciliation process between revenue recorded in MAIN and the database. Revenue recorded in MAIN for fiscal year 2015 was \$334,541 less than revenue recorded in the database.
- b. Suppliers and retailers submitted remittance forms indicating that revenue was due but had not yet made the associated electronic funds transfer (EFT) payment. Treasury did not reconcile EFT payments with the original remittance forms.

EFT payments are often not made on the same day that the associated remittance form is received by Treasury. Upon receipt of both the payment and remittance form, the 9-1-1 database performs an electronic "match" and the payment record is created. Although an "unmatched" report is available that could help identify EFT payments that have not been made, it generally is not accurate.

- c. Treasury did not have a process in place to regularly evaluate and follow up on unmatched records. We identified unmatched records estimated to be greater than \$2 million since 2008.

MSP's State 9-1-1 Office is responsible for ensuring that the suppliers and retailers are remitting revenue and that the amounts remitted are reasonable based on trend analyses performed. However, because the database is not complete and accurate, its use by MSP in ensuring that suppliers and retailers are appropriately remitting revenue is limited.

\* See glossary at end of report for definition.



**RECOMMENDATION**

We recommend that Treasury establish internal control to ensure the accuracy of Fund revenue.

**AGENCY  
PRELIMINARY  
RESPONSE**

Treasury provided us with the following response:

*Treasury agrees that it has the responsibility to ensure the accuracy of Fund revenue. Treasury will work to improve the internal controls that it has over the Fund.*

*Also, regarding the ability to collect revenue, the Emergency 9-1-1 Service Enabling Act (Act 32 of 1986) does not fall under the Revenue Act (Act 122 of 1941). Treasury does not have the authority within the Revenue Act to enforce the fee or impose penalties. This limits the ability of collection efforts.*

## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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9-1-1 service charge	The charge that is required to be collected by a service supplier from a service user.
9-1-1 system	A system for providing a 9-1-1 service, which allows service users to reach a PSAP by dialing 9-1-1.
deficiency in internal control over financial reporting	The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
EFT	electronic funds transfer.
FCC	Federal Communications Commission.
final 9-1-1 plan	A plan prepared by one or more counties for implementing a 9-1-1 system in a specified 9-1-1 service district with final modifications, if necessary, from the tentative 9-1-1 plan.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules of an audited entity are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
generally accepted accounting principles	A technical accounting term that encompasses the conventions, rules, guidelines, and procedures necessary to define accepted accounting practice at a particular time; also cited as "accounting principles generally accepted in the United States of America."
internal control	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
local exchange provider	A provider of basic local exchange service, which means the provision of an access line and usage within a local calling area for the transmission of high quality two-way interactive switched voice or data communication.

<b>material misstatement</b>	A misstatement in the financial schedules that causes the schedules to not present fairly the financial position or the changes in financial position, and, where applicable, cash flows thereof, in accordance with the applicable financial reporting framework.
<b>material weakness in internal control over financial reporting</b>	A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial schedules will not be prevented, or detected and corrected, on a timely basis.
<b>Michigan Administrative Information Network (MAIN)</b>	The State's automated administrative management system that supports accounting, purchasing, and other financial management activities.
<b>modified opinion</b>	A qualified opinion, an adverse opinion, or a disclaimer of opinion.
<b>MSP</b>	Michigan Department of State Police.
<b>prepaid consumer</b>	A person who purchases prepaid wireless telecommunications services in a retail transaction.
<b>prepaid wireless 9-1-1 surcharge</b>	The fee that is required to be collected by a seller from a prepaid consumer.
<b>public safety answering point (PSAP)</b>	A communications facility operated on a 24-hour basis assigned the responsibility by a public agency or county to receive 9-1-1 calls and to dispatch public safety response services.
<b>retail transaction</b>	The purchase of prepaid wireless telecommunications service from a seller for any purpose other than resale.
<b>seller</b>	A person who sells prepaid wireless telecommunications to another person.
<b>service supplier</b>	An individual, a corporation, a partnership, an association, a governmental entity, or any other legal entity providing a communications service to a service user in this State.
<b>service user</b>	An individual, a corporation, a partnership, an association, a governmental entity, or any other legal entity receiving a communications service (such as local telephone service or cellular telephone service).

**significant deficiency  
in internal control over  
financial reporting**

A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**SOMCAFR**

*State of Michigan Comprehensive Annual Financial Report.*

**unmodified opinion**

The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes that the financial schedules are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.







