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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

February 1, 2018

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 January 2018. Please refer to our website's [Work in Progress](#) 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	Project Number
	(Performance - per / Financial - fin / Follow-up - fol / Contracted - con) / Single - sa	
Licensing and Regulatory Affairs	Michigan Agency for Energy - (per)	641-0171-18
Military and Veterans Affairs	Grand Rapids Home for Veterans - (per)	511-0170-18
Technology, Management, and Budget	Statewide Oracle Database Controls - (fol)	071-0565-14F
Technology, Management, and Budget	IT Project Management Processes - (fol)	071-0585-16F
Transportation	Maintenance Services Section - (per)	591-0160-18
Transportation	Use of Transportation-Related Funding - Risk Assessment - (per)	591-0105-18

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. When appropriate, 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	Farm Produce Insurance Authority - Financial Report for the Fiscal Year Ended September 30, 2017 - (con)	NA
Legislature	Michigan Legislature - Financial Report for the Fiscal Years Ended September 30, 2016 and September 30, 2017 - (con)	NA

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.

Department	Audit Title and Type	Project Number
Corrections	Substance Abuse Service - (fol)	471-0360-15F

Approved Objective:

1. To determine whether DOC had taken appropriate corrective measures in response to the one material condition noted in our May 2016 report.

Department	Audit Title and Type	Project Number
Licensing and Regulatory Affairs	Self Insurers' Security Fund - (fin)	641-0101-18

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.

Department	Audit Title and Type	Project Number
Licensing and Regulatory Affairs	Workers' Compensation Agency - (per)	641-0470-18

Approved Objectives:

1. To assess the effectiveness of WCA's efforts to ensure employer compliance with selected requirements of the Workers' Disability Compensation Act.
2. To assess the effectiveness of WCA's oversight of worker's compensation claims.
3. To assess the effectiveness of WCA's administration of select funds.

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Michigan Public Safety Communications System - (per)	551-0145-18
Approved Objectives:		
<ol style="list-style-type: none"> To assess the effectiveness of DTMB-MPSCS in monitoring contracts for system improvements and tower sharing agreements. To assess the effectiveness of DTMB-MPSCS in administering usage of its procurement cards. To assess the effectiveness of MPSCS agencies and users in monitoring the Enterprise Asset Management system (EAM) for accuracy. 		

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
Environmental Quality and Technology, Management, and Budget	MiWaters - (per)	761-0592-17	March 2018
Technology, Management, and Budget	Procurement Card Program - (fol)	071-0705-15F	March 2018
Agriculture and Rural Development	Pesticide Program, Pesticide and Plant Pest Management Division - (per)	791-0215-17	April 2018

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Treasury	Bureau of State Lottery - Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2017 - (con)	NA	12/19/2017	NA	NA
Transportation	Trunkline Highway and Bridge Construction Procurement - (per)	591-0400-17	1/12/2018	0	0
Talent and Economic Development	Michigan Economic Development Corporation, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2017 - (fin)	186-0406-18	1/19/2018	0	0

Audits Released Con't

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Technology, Management, and Budget	State of Michigan 401K Plan, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2017 - (fin)	071-0156-18	1/19/2018	0	0
Technology, Management, and Budget	State of Michigan 457 Plan, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2017 - (fin)	071-0157-18	1/19/2018	0	0
Talent and Economic Development	Michigan Strategic Fund, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2017 - (fin)	186-0401-18	1/26/2018	0	0
Legislature	Michigan Legislative Retirement System, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2017 - (fin)	900-0140-18	1/30/2018	0	0
State Budget Office	Flint Emergency Expenditures - (per)	000-2017-18	1/31/2018	0	0

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