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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

May 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 April 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 / Review - rev / Investigative - inv)	
Environmental Quality	Clean Michigan Initiative - (per)	761-0217-18
Health and Human Services	Long-Term Care Nursing Facility Medicaid Reimbursement and Rate Setting Process - (per)	391-0570-18
Health and Human Services	Michigan State Disbursement Unit, Office of Child Support - (per)	431-0142-18
Military and Veterans Affairs	Michigan National Guard State Tuition Assistance Program - (per)	511-0400-18
Military and Veterans Affairs	Emergency Grant Program, Michigan Veterans' Trust Fund - (per)	511-0410-18
Talent and Economic Development	Adult Education - (per)	186-0720-18
Technology, Management, and Budget	SIGMA - Selected Application Controls - (per)	071-0595-18
Treasury	Children of Veterans Tuition Grant Program - (per)	271-0311-18

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
Education	Cyber Schools - (per)	313-0225-18

Approved Objectives:

1. To assess the sufficiency of MDE's process to ensure that contracts establishing cyber schools meet statutory requirements.
2. To assess the sufficiency of MDE's monitoring of cyber school authorizers.
3. To assess the effectiveness of MDE's efforts to monitor and evaluate the virtual learning provided by cyber schools.
4. To compile information on the State's funding of cyber schools and their reported costs.

Department	Audit Title and Type	Project Number
Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund - (fin)	641-0161-18

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	Michigan Agency for Energy - (per)	641-0171-18

Approved Objectives:

1. To assess the effectiveness of MAE's efforts to ensure that the customers of Michigan's regulated utilities received timely and appropriate responses to their complaints.
2. To assess MAE's efforts to ensure regulated utilities' compliance with the quarterly reporting requirements.
3. To report on MAE's use of public utility assessment funds.

Department	Audit Title and Type	Project Number
State Budget Office	Flint Emergency Expenditures - (per)	000-2018-18

Approved Objectives:

1. To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of June 30, 2018.
2. To report State agencies' expenditures of the Flint declaration of emergency appropriations.

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Independent Accountant's Review Report, Revenue Subject to Constitutional Limitation (FY 2016-2017) - (rev)	071-0030-18
Approved Objective:		
1. To obtain limited assurance that there are no material modifications that should be made to the Statement of Revenue Subject to Constitutional Limitation – Legal Basis for it to be in compliance with the applicable sections of the <i>Michigan Compiled Laws</i> and Michigan Constitution.		

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Independent Accountant's Review Report, Proportion of Total State Spending from State Sources (FY 2016-2017) - (rev)	071-0031-18
Approved Objective:		
1. To obtain limited assurance that there are no material modifications that should be made to the Statement of the Proportion of Total State Spending From State Sources Paid to Local Units of Government – Legal Basis for it to be in compliance with the applicable sections of the <i>Michigan Compiled Laws</i> and Michigan Constitution.		

Department	Audit Title and Type	Project Number
Transportation	Maintenance Services Section - (per)	591-0160-18
Approved Objectives:		
1. To assess the sufficiency of MDOT's efforts to maintain the State's transportation infrastructure.		
2. To assess the effectiveness of MDOT's efforts in processing accident damage claims.		

Department	Audit Title and Type	Project Number
Treasury and State Police	Emergency 9-1-1 Fund - (fin)	271-0265-18
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.		

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	Administration of Act 51 Funds - (per)	591-0410-17	July 2018

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Agriculture and Rural Development	Farm Produce Insurance Authority - Financial Report for the Fiscal Year Ended December 31, 2017 - (con)	NA	3/23/2018	NA	NA
Education	Michigan Virtual University - (per)	313-0223-17	4/5/2018	0	2
Corrections	Substance Abuse Services - (fol)	471-0360-15F	4/17/2018	0	0
Technology, Management, and Budget	State Surplus - (fol)	071-0139-14F	4/24/2018	2	0
	Venture Michigan Fund - (per)	000-0435-16	4/25/2018	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