



OAG

Office of the Auditor General

Report Summary

*Performance Audit
Flint Water Service Line Replacement
Expenditures
Department of Environmental Quality
(DEQ)*

Report Number:
761-3017-17

Released:
June 2018

On January 5, 2016, Governor Rick 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. On March 28, 2017, a U.S. district judge approved a settlement agreement that required the State to allocate \$87 million and set aside an additional \$10 million in reserves to pay for the replacement of residential lead and galvanized water service lines in the City of Flint. Public Act 340 of 2016 requires the Office of the Auditor General (OAG) to conduct a preliminary audit of the City of Flint's use of the initial \$10 million of the \$25 million appropriated for water service line removal based on a signed grant agreement between the State and the City of Flint. The settlement agreement required the State to request the OAG to conduct annual financial and performance audits of DEQ's administration of the payments or reimbursements described in paragraph 23 of the agreement. This audit addresses both requirements and is our first report on the expenditures of these funds.

Audit Objective			Conclusion
Objective #1: To determine the appropriateness of DEQ's administrative process to issue payments or reimbursements for the Flint water service line replacements.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

Audit Objective			Conclusion
Objective #2: To determine the appropriateness of DEQ's expenditure of the Flint water service line replacement appropriations as of March 31, 2018.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

Audit Objective			Conclusion
Objective #3: To report DEQ's expenditures of the Flint water service line replacement appropriations.			Information provided
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.		Not applicable.	
Exhibits Related to This Audit Objective			
<u>Exhibit #1</u> - Expenditures of Appropriations <u>Exhibit #2</u> - Summary of Replacements and Excavations by Phase <u>Exhibit #3</u> - Summary of Replacements and Excavations by Zip Code <u>Exhibit #4</u> - City of Flint Phase Four Zone Map			

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