



# OAG

Office of the Auditor General

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

September 4, 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 August 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)	
Education	Office of Educator Excellence - (per)	313-0140-18
Environmental Quality	Flint Water Line Replacement Expenditures - (per)	761-3017-19

**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
State Police	Biometric and Identification Division - (per)	551-0133-18

**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
Natural Resources	Office of the Great Lakes - (per)	751-0321-18

**Approved Objectives:**

1. To assess the effectiveness of OGL's efforts to manage Michigan's Areas of Concern (AOC) Program.
2. To assess OGL's compliance with requirements of the coastal management cooperative agreement.

Talent and Economic Development Michigan Strategic Fund - (fin) 186-0401-19

Michigan Economic Development Corporation - (fin) 186-0406-19

**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.

Talent and Economic Development Adult Education Program - (per) 186-0720-18

**Approved Objectives:**

1. To assess the effectiveness of Adult Services Division's (ASD) efforts to monitor the Adult Education program.
2. To assess ASD's compliance with certain rules and regulations.
3. To assess the appropriateness of ASD's funding to eligible fiscal agencies and providers.

Technology, Management, and Budget State of Michigan Comprehensive Annual Financial Report (SOMCAFR) - Financial Audit for the Fiscal Year Ended September 30, 2018 - (fin) 071-0010-19

**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.

Technology, Management, and Budget Employee Benefits Division's Postemployment Life Insurance Benefit Schedule of Employer Allocations for the year ended September 30, 2017 - (fin) 071-0168-18

**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.

Technology, Management, and Budget MILogin - (per) 071-0570-18

**Approved Objectives:**

1. To assess the effectiveness of controls over MILogin administration and end user account management.
2. To assess the effectiveness of DTMB's efforts to ensure that MILogin properly authorizes application access.
3. To assess the effectiveness of DTMB's controls to ensure the availability of MILogin.

Technology, Management, and Budget Statewide Cost Allocation Plan - (per) 071-0131-18

**Approved Objectives:**

1. To assess the effectiveness of DTMB's efforts to establish and implement the Statewide Cost Allocation Plan (SWCAP).
2. To assess the effectiveness of DTMB's processes for recovery of selected central service costs.

**Approved Objectives:**

1. A single audit determines whether the financial statements are presented fairly and considers internal control over financial reporting and on compliance and other matters.
2. In addition, the single audit evaluates the State’s compliance with laws, regulations, and provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs.

Talent and Economic Development	Michigan State Housing Development Authority - Financial Report for the Fiscal Year Ended June 30, 2018 – (con)	NA
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**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.

Talent and Economic Development	Single Audit of the Michigan State Housing Development Authority for the Fiscal Year Ended June 30, 2018 - (con)	NA
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**Approved Objective:**

1. To issue a report on compliance for each major program, internal control over compliance, and the schedule of expenditures of federal awards as required by OMB Circular A-133.

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
Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund, Michigan Liquor Control Commission - Independent Auditor's Report on the Financial Statements and Other Reporting Required by Government Auditing Standards - (fin)	641-0161-18	September 2018
Technology, Management, and Budget	Office of Children's Ombudsman - (per)	071-0176-17	October 2018

**Audits Released**

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Technology, Management, and Budget	IT Project Management Processes - (fol)	071-0585-16F	8/7/2018	3	2
Treasury and State Police	Emergency 9-1-1 Fund - (fin)	271-0265-18	8/29/2018	0	1

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,

A handwritten signature in blue ink that reads "Doug Ringler". The signature is written in a cursive style with a large, prominent "D" and "R".

Doug Ringler  
Auditor General

c: Agency Audit Liaisons  
SBO-Office of Internal Audit Services