



# OAG

Office of the Auditor General

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

November 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 October 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.

**Audit Title and Type**

(Performance - per / Financial - fin / Follow-up - fol /

Contracted - con / Single - sa / Review - rev / Investigative - inv)

**Department**

**Project Number**

None

**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
Corrections	Prisoner Security Classification and Recommended Programming - (per)	471-0350-18
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>To assess the sufficiency of DOC's process for assigning security classifications.</li> <li>To assess the sufficiency of DOC's efforts to ensure prisoners receive recommended programming.</li> </ol>		

Department	Audit Title and Type	Project Number
Environmental Quality	Flint Water Line Replacement Expenditures - (per)	761-3017-19
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>To determine the appropriateness of DEQ's administrative process to issue payments or reimbursements for the Flint water service line replacements.</li> <li>To determine the appropriateness of DEQ's expenditure of the Flint water service line replacement appropriations as of March 31, 2019.</li> <li>To report DEQ's expenditures of the Flint water service line replacement appropriations.</li> </ol>		

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
Corrections	Facility Closures and Consolidations - (fol)	471-0375-11F	December 2018
Environmental Quality	Clean Michigan Initiative - (per)	761-0217-18	December 2018
Licensing and Regulatory Affairs	Michigan Agency for Energy - (per)	641-0171-18	December 2018
State	Regulatory Monitoring Division - (per)	231-0220-18	December 2018
State Police	Automobile Theft Prevention Authority - (per)	551-0108-18	December 2018
Talent and Economic Development	MSHDA Rental Assistance and Homeless Solutions - (per)	186-0220-17	December 2018
Talent and Economic Development	Michigan Business Development Program - (per)	186-0500-17	December 2018
Technology, Management, and Budget	Executive Order 2016-24 Enterprise Information Management - (per)	071-1595-18	December 2018
Transportation	Maintenance Services Section - (per)	591-0160-18	December 2018
Environmental Quality	Community and Non-Community Water Supply - (fol)	761-0320-15F	January 2019

## Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Technology, Management, and Budget	State of Michigan, Postemployment Life Insurance Benefit, Schedule of Employer Allocations and Schedule of Other Postemployment Benefit Amounts by Employer, Fiscal Year Ended September 30, 2017 - Independent Auditor's Report - (fin)	071-0168-18	10/8/2018	0	0
Talent and Economic Development	Michigan State Housing Development Authority Financial Report for the Fiscal Year Ended June 30, 2018 - (con)	NA	10/25/2018	NA	NA

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