

Office of the Auditor General and
Management and Board of Trustees
State Building Authority

In planning and performing our audit of the financial statements of the State Building Authority as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the State Building Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State Building Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the State Building Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies, significant deficiencies, or material weaknesses in internal control and therefore, deficiencies, significant deficiencies, or material weaknesses may exist that were not identified.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal control and operating efficiency. These matters are included within this letter.

We would be pleased to discuss these matters in further detail at your convenience, to perform any study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Trustees, others within the organization, the Office of the Auditor General, and the Office of Financial Management and is not intended to be, and should not be, used by anyone other than these specified parties.

Andrews Hooper Pavlik PLC

Okemos, Michigan
December 14, 2018

Current Year Recommendations

None

Prior Year Recommendations

Journal Entries

During our prior year audit, we noted that journal entries made by the Department of Treasury are approved by Department of Treasury management but are not reviewed or approved by State Building Authority management before they are recorded. The financial statements of the State Building Authority are reviewed by State Building Authority management periodically. We recommend the adoption of a procedure whereby journal entries are reviewed and approved by State Building Authority management prior to being recorded with evidence of approval documented.

Update: During our current year audit, we noted that journal entries were entered into the SIGMA system after approval by State Building Authority management and that the approval paths were maintained in SIGMA for all entries reviewed during current year testing. We make no further recommendation in this area.