



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

August 1, 2019

Dear Governor Whitmer, Senators, and Representatives:

This letter provides information regarding the status of our audit projects that either began or transitioned into new audit phases during July 2019. Please refer to our website's [Work in Progress](#) for a complete listing of ongoing projects. 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)	
Health and Human Services	Medicaid Client Eligibility Determination - (per)	391-0710-19

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
Environment, Great Lakes, and Energy	Dry Cleaning Program, Air Quality Division - (per)	761-0145-19

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	Women's Huron Valley Correctional Facility - Medical, Dental, and Optical Services - (per)	471-0301-19

Approved Objectives:

1. To assess the effectiveness of BHCS's efforts to provide medical, dental, and optical services.
2. To assess the effectiveness of MDOC's efforts to monitor its health care vendor's compliance with selected contract requirements.

Licensing and Regulatory Affairs	Office of Land Survey and Remonumentation - (per)	641-0991-19
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Approved Objective:

1. To assess the effectiveness of OLSR's efforts to administer the State Survey and Remonumentation Grant Program.

State	Office of Hearings and Administrative Oversight - (per)	231-0233-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the sufficiency of the OHAO's oversight of the breath alcohol ignition interlock device manufacturers and service centers. 2. To assess the effectiveness and efficiency of the OHAO's oversight of the Ignition Interlock Program. 3. To assess the sufficiency of the OHAO's appeals hearings processes. 		
Talent and Economic Development	Michigan State Housing Development Authority - Financial Report for the Fiscal Year Ended June 30, 2019 - (con)	NA
Approved Objectives:		
<ol style="list-style-type: none"> 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, 2019 - (con)	NA
Approved Objective:		
<ol style="list-style-type: none"> 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. 		
Technology, Management, and Budget	Statewide Contracting Practices for Commodities and Professional Services, Central Procurement Services - (per)	071-0142-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess CPS's compliance with selected laws, rules, and regulations related to solicitations, contracts, and change notices. 2. To assess the effectiveness of CPS's efforts to monitor state agency compliance with delegated purchasing authority requirements. 3. To assess the effectiveness of CPS's efforts to monitor vendor performance. 		
Technology, Management, and Budget	IT Equipment Surplus and Salvage - (per)	071-0515-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the sufficiency of DTMB's efforts to prevent the unauthorized disclosure of data on surplus and salvage IT equipment. 2. To assess the effectiveness of DTMB's efforts to prevent and detect theft of surplus and salvage IT equipment. 		
Transportation	Bureau of Finance and Administration - (per)	591-0130-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of the Accounting Service Division's efforts to administer accounting services to its customer agencies. 2. To assess the effectiveness of the Financial Operation Division's efforts to deliver financial and operational services throughout the department. 3. To assess the effectiveness of BFA's access controls over selected IT systems. 		
Treasury and Technology, Management, and Budget	Michigan Integrated Tax System - (per)	271-0595-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of selected security and access controls over MIITAS. 2. To assess the sufficiency of selected tax processing controls within MIITAS. 3. To assess the effectiveness of Treasury and DTMB's change controls over MIITAS. 		

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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Estimated Audit Release Date</u>
State Police	Michigan Justice Training Fund - (fin)	551-0101-19	August 2019
Health and Human Services	Aging and Adult Services Agency - (per)	391-0645-18	September 2019
Technology, Management, and Budget	Michigan Public School Employees' Retirement System Schedules of Employer Pension and OPEB Allocations and Schedule of Collective Pension and OPEB Amounts - (rev)	071-0164-19	September 2019
Corrections	Prisoner Security Classification and Recommended Programming - (per)	471-0350-18	October 2019
Talent and Economic Development	Workers' Compensation Agency - (per)	641-0470-18	October 2019

Audits Released

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Date Released</u>	<u>Number of</u>	
				<u>Material Weaknesses</u>	<u>Reportable Conditions</u>
State Budget Office	Single Audit Report, State of Michigan (Fiscal Year Ended September 30, 2018) - (sa)	000-0100-19	7/1/2019	21	62
State Budget Office	Flint Emergency Expenditures - (per)	000-2019-19	7/31/2019	0	0

We report this information to you on a monthly basis, and we correspond with auditee management and staff regularly 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