



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

September 3, 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 August 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 Home Help Program - (per)	391-0708-19
Labor and Economic Opportunity	Community Development and Revitalization Programs - Michigan State Housing Development Authority - (per)	186-0210-20

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
Health and Human Services	Kalamazoo Psychiatric Hospital - (per)	391-0220-19

Approved Objectives:

1. To assess the sufficiency of KPH's provision of patient care services.
2. To assess the effectiveness of KPH's efforts to provide for the safety and security of its patients, staff, and visitors.
3. To assess the effectiveness of KPH's controls over pharmaceuticals.
4. To assess the accuracy of employee time reporting.

Health and Human Services	Division of Emergency Medical Services and Trauma - (per)	391-0268-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of MDHHS's efforts to appropriately administer the licensing and inspection requirements for EMS personnel, agencies and vehicles. 2. To assess the effectiveness of MDHHS's oversight of EMS education programs. 3. To assess the effectiveness of MDHHS's efforts to implement and evaluate a statewide trauma network in compliance with requirements. 		
Health and Human Services	Child Care Fund - (per)	431-1400-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the sufficiency of MDI-IHS's efforts to approve county CCF annual plans and budgets that comply with State statute and CCF Handbook requirements. 2. To assess the sufficiency of MDHHS's efforts in monitoring the appropriateness of CCF expenditures reimbursed to counties. 3. To assess the timeliness of MDHHS's CCF expenditure reimbursements to counties. 		
Military and Veterans Affairs	Grand Rapids Home for Veterans - (fol)	511-0170-18F
Approved Objective:		
<ol style="list-style-type: none"> 1. To determine whether the Department of Military and Veterans Affairs had taken appropriate corrective measures in response to our audit report issued June 2019. 		
State Budget Office	Statewide Single Audit - (sa)	000-0100-20
Approved Objectives:		
<ol style="list-style-type: none"> 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. 		
State Budget Office	Flint Emergency Expenditures - (per)	000-2019-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations as of September 30, 2019. 2. To report State agencies' expenditures of the Flint declaration of emergency appropriations. 		
State Budget Office	State of Michigan Comprehensive Annual Financial Report (SOMCAFR) - Financial Audit for the Fiscal Year Ended September 30, 2019 - (fin)	071-0010-20
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. 		
Technology, Management, and Budget	SQL Database Controls - (per)	071-0571-19
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of DTMB's governance structure over the SQL database environment. 2. To assess the effectiveness of DTMB's efforts to implement key security and access controls over the State's SQL databases. 		

Approved Objectives:

1. To assess the effectiveness of the Section's efforts to track and analyze traffic crash trends.
2. To assess the sufficiency of the Section's efforts to oversee highway construction design plans for the proper geometric features, pavement markings, and traffic signing.
3. To assess the effectiveness of the Section's efforts to administer Traffic and Safety-related construction and design contracts.

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
Environment, Great Lakes, and Energy	Flint Water Service Line Replacement Expenditures - (per)	761-3017-19	October 2019
Health and Human Services	Administration of Medicaid Payments to Nursing Facilities for Long-Term Care - (per)	391-0570-18	October 2019
Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund, Michigan Liquor Control Commission - (fin)	641-0161-19	October 2019
Technology, Management, and Budget	Michigan Public Safety Communications System - (per)	551-0145-18	October 2019

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Environment, Great Lakes, and Energy	Office of the Great Lakes - (per)	751-0321-18	8/30/2019	0	5
State Police	Michigan Justice Training Fund - (fin)	551-0101-19	8/30/2019	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