



OAG

Office of the Auditor General

Report Summary

*Performance Audit
Flint Water Service Line Replacement
Expenditures
Department of Environment, Great Lakes,
and Energy (EGLE)*

Report Number:
761-3017-19

Released:
October 2019

Public Act 340 of 2016 requires the Office of the Auditor General (OAG) to conduct a final audit of the City of Flint’s use of the \$25 million appropriated for water service line removal by January 1, 2020. This audit addresses the final audit requirement. Also, on March 28, 2017, a U.S. district judge approved a settlement agreement that required the State to allocate \$87 million and set aside an additional \$10 million in reserves to pay for the replacement of residential lead and galvanized water service lines in the City of Flint. The settlement agreement required the State to request the OAG to conduct annual “financial” and performance audits of EGLE’s administration of the payments or reimbursements described in paragraph 23 of the agreement. This performance audit addresses these requirements and is our second report on the expenditures of these funds.

| Audit Objective | | Conclusion | |
|--|--------------------|----------------------|-----------------------------|
| Objective #1: To determine the appropriateness of EGLE’s administrative process to issue payments or reimbursements for the Flint water service line replacements. | | Appropriate | |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| None reported. | | | Not applicable. |

| Audit Objective | | Conclusion | |
|--|--------------------|----------------------|-----------------------------|
| Objective #2: To determine the appropriateness of EGLE’s expenditure of the Flint water service line replacement appropriations as of July 31, 2019. | | Appropriate | |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| None reported. | | | Not applicable. |

| Audit Objective | | | Conclusion |
|---|--------------------|----------------------|-----------------------------|
| Objective #3: To report EGLE's expenditures of the Flint water service line replacement appropriations. | | | Information provided |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| None reported. | | Not applicable. | |
| Exhibits Related to This Audit Objective | | | |
| <u>Exhibit #1</u> - Expenditures of Appropriations - Department of Environment, Great Lakes, and Energy <u>Exhibit #2</u> - Expenditures of Appropriations - Department of Treasury <u>Exhibit #3</u> - Summary of Replacements and Excavations by Phase <u>Exhibit #4</u> - Summary of Replacements and Excavations by Zip Code | | | |

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