



# OAG

Office of the Auditor General

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

February 3, 2020

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 January 2020. 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.

<b>Department</b>	<b>Audit Title and Type</b> (Performance - per / Financial - fin / Follow-up - fol / Contracted - con / Single - sa / Review - rev / Investigative - inv)	<b>Project Number</b>
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.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
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.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Education	Great Start Readiness Program - (fol)	313-0260-15F

**Approved Objective:**

1. To determine whether the Michigan Department of Education had taken appropriate corrective measures in response to our audit report issued May 2017.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Environment, Great Lakes, and Energy	Flint Water Service Line Replacement Expenditures - (per)	761-3017-20
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>To determine the appropriateness of EGLE's administrative process to issue payments or reimbursements for the Flint water service line replacements.</li> <li>To determine the appropriateness of EGLE's expenditure of the Flint water service line replacement appropriations.</li> </ol>		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Labor and Economic Opportunity	Self Insurers' Security Fund - (fin)	641-0101-20
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>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.</li> <li>To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards.</li> </ol>		

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
State Budget Office	Flint Emergency Expenditures - (per)	000-2020-20
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>To determine the appropriateness of State agencies' expenditure of the Flint declaration of emergency appropriations.</li> <li>To report State agencies' expenditures of the Flint declaration of emergency 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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Estimated Audit Release Date</u>
Technology, Management, and Budget	Information Technology Fund and Information Technology Billings - (per)	071-0137-19	February 2020
Health and Human Services	Walter P. Reuther Psychiatric Hospital - (fol)	391-0230-16F	March 2020
Labor and Economic Opportunity	Michigan Strategic Fund, Opinion on Financial Statements and Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2019 - (fin)	186-0401-20	March 2020
Labor and Economic Opportunity	Michigan Economic Development Corporation, Opinion on Financial Statements and Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2019 - (fin)	186-0406-20	March 2020
Labor and Economic Opportunity	Bureau of Services for Blind Persons - (fol)	641-0230-16F	March 2020

Technology, Management, and Budget	Michigan State Employees' Retirement System, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2019 - (fin)	071-0151-20	March 2020
Technology, Management, and Budget	Michigan Public School Employees' Retirement System, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2019 - (fin)	071-0152-20	March 2020

### Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Transportation	Mackinac Bridge Authority - Financial Report for the Fiscal Year Ended September 30, 2019 - (con)	NA	01/06/2020	NA	NA
Treasury	Michigan Finance Authority - Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019 - (con)	NA	01/07/2020	NA	NA
Technology, Management, and Budget	State of Michigan 401K Plan, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2019 - (fin)	071-0156-20	01/22/2020	0	0
Technology, Management, and Budget	State of Michigan 457 Plan, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2019 - (fin)	071-0157-20	01/22/2020	0	0
Legislative	Michigan Legislative Retirement Systems, Report on Internal Control, Compliance, and Other Matters, for the Fiscal Year Ended September 30, 2019 - (fin)	900-0140-20	01/22/2020	0	0
Agriculture and Rural Development	Food and Dairy Division - (fol)	791-0200-12F	01/22/2020	1	1
Treasury	Michigan Achieving a Better Life Experience Program - Financial Report for the Fiscal Year Ended September 30, 2019 - (con)	NA	01/23/2020	NA	NA
Technology, Management, and Budget	IT Equipment Surplus and Salvage - (per)	071-0515-19	01/29/2020	2	4
Military and Veterans Affairs	Grand Rapids Home for Veterans - (fol)	511-0170-18F	01/30/2020	0	2
State Budget Office	Flint Emergency Expenditures - (per)	000-2019-20	01/31/2020	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,

A handwritten signature in blue ink that reads "Doug Ringler". The signature is written in a cursive style with a large, prominent "D" and "R".

Doug Ringler  
Auditor General

c: Agency Audit Liaisons  
SBO-Office of Internal Audit Services