

Office of the Auditor General
Performance Audit Report

Sustainability Section
Materials Management Division
Department of Environment, Great Lakes, and Energy

June 2020

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The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



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Report Summary

*Performance Audit
Sustainability Section
Materials Management Division
Department of Environment, Great Lakes,
and Energy (EGLE)*

**Report Number:
761-0335-19**

**Released:
June 2020**

The Sustainability Section was created in April 2019 by merging units from EGLE and the Michigan Agency for Energy, Department of Licensing and Regulatory Affairs. The Section is composed of the Energy Unit, the Recycling Unit, and the Sustainable Development Unit. The Units serve as the State's resident experts in their respective areas and provide technical assistance, including advising entities on best practices and connecting entities with like interests. For fiscal year 2019, the Section expended \$20.6 million. As of July 31, 2019, the Section had 15 full-time employees.

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of the Section's efforts to evaluate its effectiveness.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
EGLE's data collection and reporting practices limited its recycling program's strategic planning effort and affected the accuracy of prepared reports (Finding #1).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of the Section's administration of grants and other resources.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Participation and funding challenges limited the usefulness of some pollution prevention programs (Observation #1).	Not applicable for observations.		

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Doug A. Ringler, CPA, CIA
Auditor General

June 3, 2020

Ms. Liesl Eichler Clark, Director
Department of Environment, Great Lakes, and Energy
Constitution Hall
Lansing, Michigan

Dear Ms. Clark:

This is our performance audit report on the Sustainability Section, Materials Management Division, Department of Environment, Great Lakes, and Energy.

We organize our findings and observations by audit objective. Your agency provided a preliminary response to the recommendation at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

EFFORTS TO EVALUATE THE SECTION'S EFFECTIVENESS

BACKGROUND

The Sustainability Section was created in April 2019 by merging units from the Department of Environment, Great Lakes, and Energy (EGLE) and the Department of Licensing and Regulatory Affairs (LARA). Executive Order No. 2019-06 transferred energy functions that previously existed in LARA to EGLE.

The Section consists of the Energy, Recycling, and Sustainable Development Units. The Energy Unit works in conjunction with the Michigan Public Service Commission, EGLE's Office of Climate and Energy, and other entities to achieve a combination of energy waste reduction and renewable sourcing equal to 35% of the total energy resources used since October 6, 2008 as outlined by Public Act 295 of 2008, as amended (see Exhibit #1). The Energy Unit is required to submit quarterly and annual reports to the U.S. Department of Energy (DOE) for federally sourced funds.

The Recycling Unit's goal is to achieve a 30% residential recycling rate by 2025; for example, every 100,000 tons of municipal solid waste would generate 30,000 tons of recycled materials. Section 324.17505 of the *Michigan Compiled Laws (MCL)* requires EGLE to provide an annual report to the Legislature of the aggregated amounts of recycled materials in the prior fiscal year (see Exhibit #2).

The Sustainable Development Unit (SDU) established a goal of directly assisting 200 stakeholders per year. Direct assistance is defined as helping a person or group with a job or task that is likely to have a profound impact on success or is a continuation of a task that has already been started. Examples include researching and analyzing sustainability issues, providing skills training, and following up on communications concerning prior assistance. SDU is required by *MCL* Section 324.14306 to submit an annual report of EGLE's pollution prevention efforts during the prior fiscal year (see Exhibit #3).

AUDIT OBJECTIVE

To assess the sufficiency of the Section's efforts to evaluate its effectiveness*.

CONCLUSION

Sufficient, with exceptions.

FACTORS IMPACTING CONCLUSION

- The Energy and Recycling Units established long-term performance goals and methods to measure their progress toward meeting those goals.

* See glossary at end of report for definition.

- SDU established and measured its goal of contacts and direct assistance activities.
- EGLE prepared annual performance reports of various aspects of the Units' activities.
- Private and public entities reported on energy and waste reduction activities that EGLE used to assess the State's progress toward meeting its long-term energy reduction and recycling goals.
- In November 2018, EGLE introduced legislation establishing long-term goals and benchmark standards for its recycling program.
- EGLE's tracking of energy savings from rebates on LED lights allowed it to identify the majority of the recipients' return on investment for that type of funding.
- The reimbursement payment model used by the Section provides assurance that grant, rebate, and sponsorship funds distributed to program recipients are being used to progress toward a program's intended outcome.
- Reportable condition* related to the need to strengthen data collection and reporting processes (Finding #1).

* See glossary at end of report for definition.

FINDING #1

EGLE should strengthen its data collection and reporting processes.

EGLE should strengthen its data collection and reporting processes to assist with developing long-term plans for residential waste and to ensure the accuracy of information in its reports to legislators and DOE.

MCL Section 324.11514 provides that the State shall develop policies and practices that promote recycling and reuse of materials and, to the extent possible, minimize the use of landfilling as a method of waste disposal. To develop effective practices, EGLE needs a vast range of information for planning its solid waste program. *MCL* also requires EGLE to provide annual reports of recycling performance and pollution prevention to the Legislature (see Exhibits #2 and #3). As part of a grant with DOE, EGLE was required to prepare quarterly and annual reports of energy efficiencies and renewable energy activities.

Our review of EGLE's data collection and reporting processes disclosed:

- a. EGLE should improve the quality of recycling data used in its strategic planning. Specifically, EGLE should consider:
 - (1) Obtaining information by geographic region and user sector (commercial and residential) to provide more useful information to plan for the collection and identify end uses of recycled products.
 - (2) Collecting information about the composition of materials that households are placing in their recycling carts or leaving at drop-off sites, the number of monthly visits to drop-off centers, and the proximity of a drop-off location to residents' homes.
 - (3) Developing a list of communities with recycling operations so that it has an inventory of recycling options in place. This would help EGLE plan for the use of its available resources to develop infrastructures within communities where recycling is not offered or needs upgrading.
 - (4) Requiring Section staff to document the number of contacts made, whom they contacted, and the purpose of the contacts. Maintaining a history of contacts and ideas exchanged enables the Section to proactively shape future client experiences by providing reference to basic demographic information related to a community's recycling programs, its funding concerns, and other relevant information.
- b. EGLE submitted reports without verifying the accuracy of the pollution prevention, waste reduction, and energy

efficiency information provided by private entities, communities, and active recycling centers.

- c. EGLE did not include all recycling establishments in its annual reports. EGLE had registered 104 establishments, consistent with the requirements of *MCL* Section 324.17502. Only 79 (76%) of the establishments reported their fiscal year 2018 recycling totals to EGLE. EGLE lacked the statutory authority to enforce reporting by the other recycling entities.
- d. EGLE provided estimated, instead of actual, pollution prevention data in its annual report to the Legislature. *MCL* Section 324.14510 requires EGLE to annually report to the Legislature on its pollution prevention technical assistance and outreach efforts. For example, when EGLE began using online reporting for pollution prevention in 2018, it inadvertently placed limits on the amount of pollution reduction an entity could report. Entities were instructed to report pollution reduction in comment boxes of the online survey, which EGLE then used to report total pollution reductions. Some of the reporting entities did not use the comment boxes, causing EGLE to estimate and misreport the reductions.
- e. Actual energy savings (kilowatt hours) totals were not available from entities until approximately one year after EGLE submitted reports to DOE. Therefore, EGLE used estimated hours to project energy savings for programs related to LED street lighting, public building interior lighting, and renewable energy.

A 2019 consultant report on the economic impact of recycling in Michigan indicated a weakness in the quality of the State's recycling data. The report noted a lack of data describing curbside performance, making it difficult to set a strategy on how to improve recycling in Michigan. The report also noted that data collection is paramount to increasing the volume of recycling collected and improving education efforts.

EGLE informed us that it did not have the resources necessary to verify the accuracy of information provided by recycling centers and that the energy savings data reported is the best information that EGLE has available at the time the legislative report is published. EGLE indicated that it will not know the accuracy of the information for 18 to 22 months because of the nature of measuring energy savings.

Accurate reporting helps ensure that EGLE, the Legislature, DOE, and other stakeholders have the knowledge needed to effectively monitor program performance and make decisions moving forward about program activities.

RECOMMENDATION

We recommend that EGLE strengthen its data collection and reporting process to assist with developing long-term plans for residential waste and to ensure the accuracy of information in its reports to legislators and DOE.

**AGENCY
PRELIMINARY
RESPONSE**

EGLE provided us with the following response:

EGLE agrees with the recommendation. While the DOE and U.S. Environmental Protection Agency have previously deemed EGLE's current data collection systems and reporting processes for the federally-funded State Energy Program and Pollution Prevention State and Territorial Assistance Grant to be adequate, opportunities exist throughout the department to improve data quality and reporting. In addition to creating new metrics for the State Energy Program, EGLE will continue to develop and implement a department Information Technology Modernization Strategy focused on providing improved data and enhanced tools to the public.

EFFECTIVENESS OF ADMINISTRATION OF GRANTS AND OTHER RESOURCES

BACKGROUND

The Section administers grants for energy savings, recycling, and pollution prevention activities. These grants provide State and federal funding for public and private projects in alignment with the Section's mission* and typically require the grantee to provide matching funds. The most common type of grant used by the Section is the reimbursement grant*. The Units are responsible for creating and administering grant programs in alignment with their areas of expertise (see Exhibit #4) and providing technical assistance, education, and outreach activities to private industry and the general public for other events/programs.

AUDIT OBJECTIVE

To assess the effectiveness of the Section's administration of grants and other resources.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- EGLE processed the 21 grants that we reviewed in substantial compliance with departmental policies and the terms of the grant agreements.
- EGLE processed the 8 rebates for energy saving activities that we reviewed in substantial compliance with departmental policies.
- EGLE processed the 7 sponsorship activities that we reviewed in substantial compliance with departmental policies.
- EGLE's Beneficiary Mitigation Plan to document how the State intends to use the Volkswagen settlement funds was prepared in accordance with federal requirements.

* See glossary at end of report for definition.

OBSERVATION #1

Unfunded or limited activity programs existed.

EGLE has experienced participation and funding challenges for certain pollution prevention programs, including some that may no longer support its strategic plan. Specifically:

- a. EGLE has been unable to issue grants from the Community Pollution Prevention Fund since 2016 because of the limited amount of funds available to award. *MCL* Section 445.573f specifies that money from interest and earnings in the Community Pollution Prevention Fund can be used for grants to prevent pollution with an emphasis on the prevention of ground water contamination. Interest accumulated for the Fund that could be used for grants was approximately \$47,000 and \$23,000 for fiscal years 2017 and 2018, respectively, which was insufficient to conduct the grant process. According to the appropriations acts for fiscal years 2018 and 2019, surplus funds not to exceed \$1,000,000 from the Community Pollution Prevention Fund were appropriated to the Environmental Protection Fund, leaving minimal funds available for ground water contamination grants.
- b. EGLE did not utilize federal funds for grants to provide technical assistance and/or training to help local entities adopt source pollution reduction approaches. These federal grants required 50% matching funds. Staffing limitations and lack of matching funds prevented EGLE and local entities from applying for the U.S. Environmental Protection Agency (EPA) pollution prevention grant program during the audit period. Also, EGLE indicated that the EPA's priorities did not align with EGLE's strategic plan; therefore, it did not pursue the funding.
- c. Executive Directive No. 2006-6 indicated that certain program requirements for the Green Chemistry Program for the design of chemical products and processes that reduce or eliminate the use and generation of hazardous substances need to be completed only if resources are available. Appropriations for fiscal years 2017 through 2019 did not include any funding for the Green Chemistry Program.
- d. EGLE did not obtain additional funds for the Retired Engineer Technical Assistance Program (RETAP) to provide technical assistance to small manufacturers on reducing waste, decreasing the use of toxic chemicals, and improving efficiency in the use of energy. RETAP was created by *MCL* Section 324.14511 and was funded with non-renewing funds. EGLE did not receive expected funding to operate the program after the initial investment and halted the program. EGLE indicated that approximately \$625,000 remained in a fund for the program and was exploring ways to make those remaining funds sustainable. EGLE noted that it intended to request appropriations in fiscal year 2021 for the program.

- e. EGLE had not received funding for the Pollution Prevention Research Grants Program. *MCL* Section 324.14506 created the Program aimed at funding industry specific research projects.
- f. EGLE had not issued small business pollution prevention assistance loans since 2016 because of the lack of demand for the funding. As of August 1, 2019, only two active loans had balances: one loan was in default and one had a balance of \$5,807. EGLE indicated that there was a large decline in participation since the 2008 recession and that there were other funding sources available.

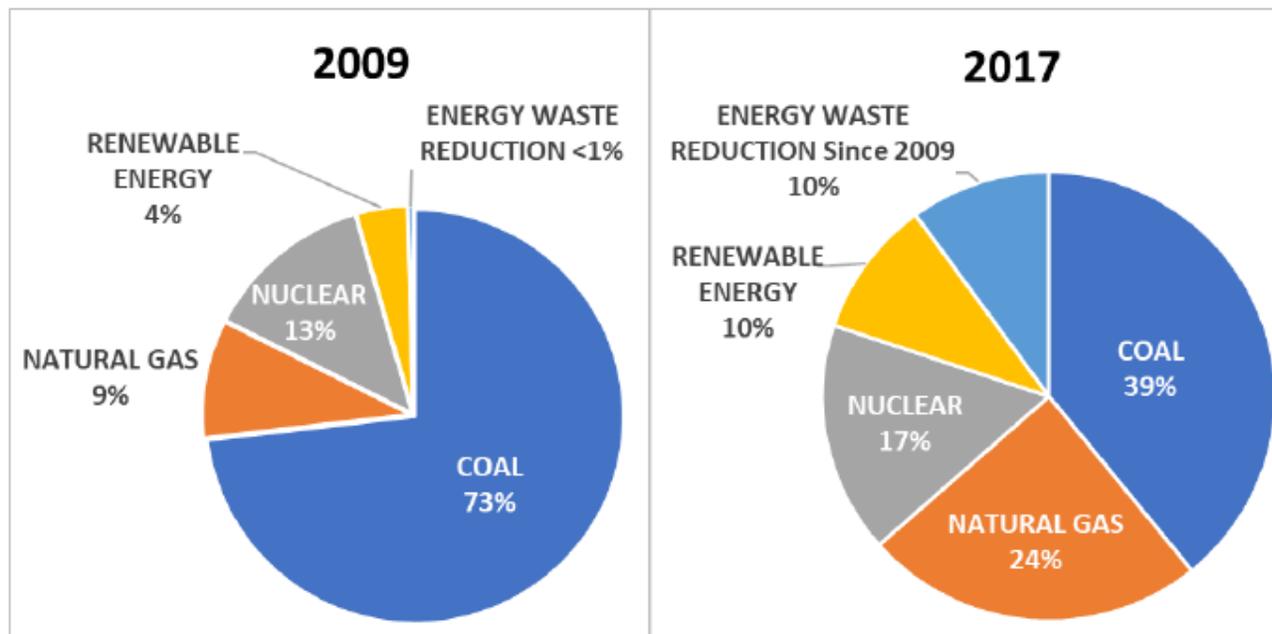
EGLE should evaluate each program and determine its funding priorities in concert with its overall strategic plan.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit #1

SUSTAINABILITY SECTION
Materials Management Division
Department of Environment, Great Lakes, and Energy

Michigan's Electric Resources Mix

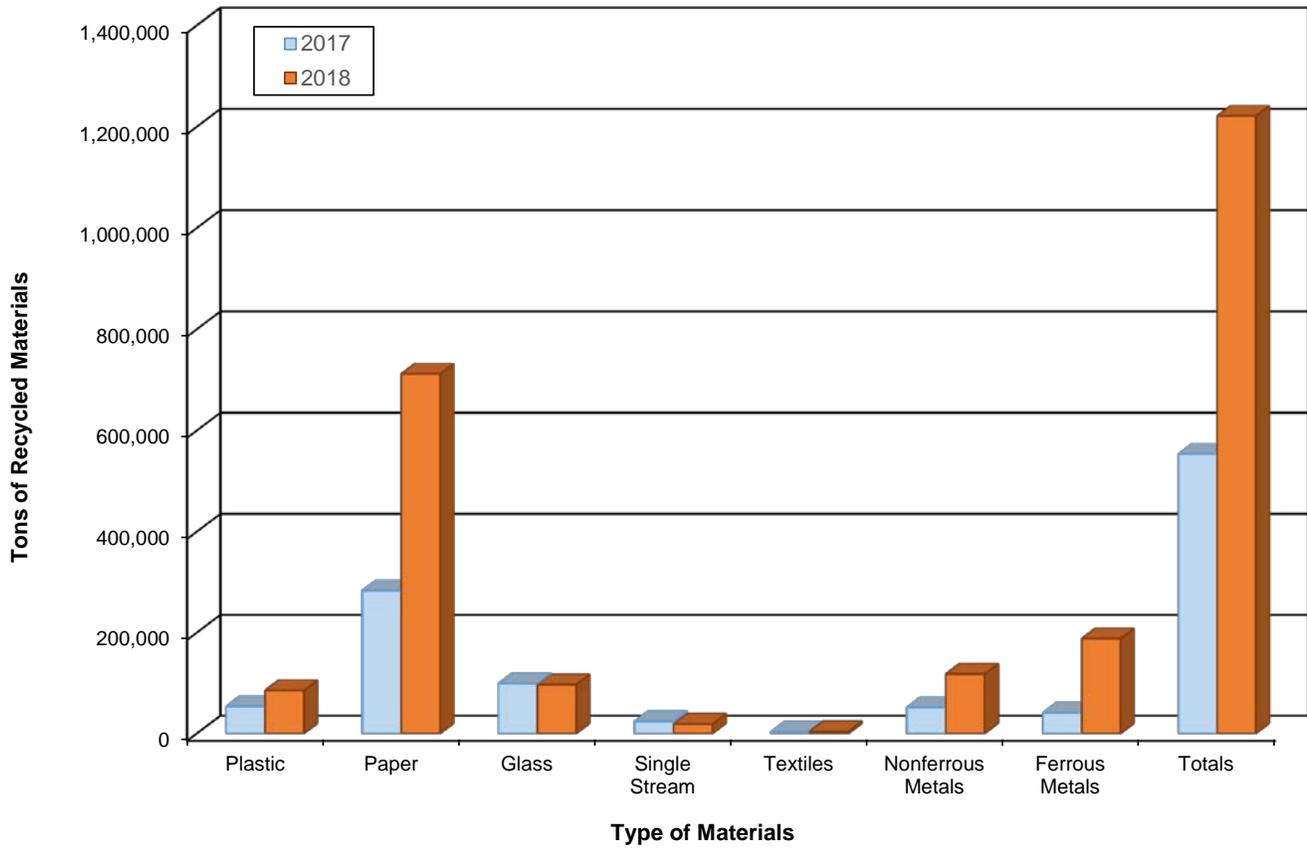


These charts illustrate EGLE's progress toward meeting its goal of 35% of Michigan's electric needs be provided by increasing renewable energy and reducing energy waste. From 2009 to 2017, the percentage of renewable energy had increased 150% while waste energy has been reduced nearly 10 fold.

Source: The OAG obtained this excerpt from the Michigan Public Service Commission 2017 Annual Report on Utility Energy Waste, Waste Reduction Programs.

SUSTAINABILITY SECTION
Materials Management Division
Department of Environment, Great Lakes, and Energy

Reported Recycled Materials for Fiscal Years 2017 and 2018



Source: The OAG prepared this exhibit using data from EGLE's 2018 annual recycling report.

SUSTAINABILITY SECTION
Materials Management Division
Department of Environment, Great Lakes, and Energy
Fiscal Year 2018 Pollution Prevention Results Reported



Source: This excerpt is from the Sustainable Development Unit fiscal year 2018 legislative report.

SUSTAINABILITY SECTION
Materials Management Division
Department of Environment, Great Lakes, and Energy

Active or Approved Grants From October 1, 2016 Through July 31, 2019

Type	Unit Responsible	2017			2018			2019		
		State Amount	Federal Amount	Local Match	State Amount	Federal Amount	Local Match	State Amount	Federal Amount	Local Match
Energy Grants	Energy	\$ 1,489,281	\$538,267	\$ 4,382,181	\$ 852,324	\$428,844	\$ 5,445,477	\$ 488,087	\$ 423,270	\$ 1,834,183
Residential Recycling	Recycling	450,000	0	971,625 ¹	0	0	0	0	0	0
Recycling Education	Recycling	95,118	0	54,686 ¹	0	0	0	0	0	0
Recycling Infrastructure	Recycling	439,124	0	385,572 ¹	575,000	0	755,500 ¹	6,078,764	0	2,026,255 ²
Agriculture, Greenhouse, and Marine Film Plastic	Recycling	0	0	0	0	0	0	150,000 ³	0	0 ²
Market Development	Recycling	0	0	0	0	0	0	2,000,000 ⁴	0	666,667 ^{2,4}
Community Pollution Prevention	Sustainable Development	382,793	0	184,389 ¹	378,182	0	211,821 ¹	0	0	0 ¹
Diesel Emission Reduction	Sustainable Development	0	281,310	755,669 ¹	0	302,441	925,814 ¹	0	876,497	2,545,718 ¹
	Totals	<u>\$ 2,856,316</u>	<u>\$ 819,577</u>	<u>\$ 6,734,122</u>	<u>\$ 1,805,506</u>	<u>\$ 731,285</u>	<u>\$ 7,338,612</u>	<u>\$ 8,716,851</u>	<u>\$ 1,299,766</u>	<u>\$ 7,072,823</u>

¹ Actual Match Amount

² Minimum Required Match

³ Request For Proposals due July 8, 2019. Individual grant was not awarded prior to July 31, 2019.

⁴ Request For Proposals due June 6, 2019. Grants were not awarded prior to July 31, 2019.

Source: The OAG prepared this exhibit using information provided by the Sustainability Section.

DESCRIPTION

The Section was created within EGLE's Materials Management Division as a result of a departmental reorganization which included the transfer of the Michigan Agency for Energy from LARA by Executive Order No. 2019-06. The Section is composed of the Energy Unit (formerly the Michigan Energy Office), which was moved to EGLE from LARA; the Recycling Unit; and SDU, which was formerly the Pollution Prevention and Stewardship Unit.

Among its other activities, the Energy Unit offers and administers rebate and sponsorship programs for cleaner energy projects and events.

The Recycling Unit is composed of four specialists who were previously assigned to EGLE regional offices. The Unit functions as the State's resident recycling expert and provides technical assistance, including advising entities on best practices and connecting entities with like interests. In December 2018, EGLE was appropriated \$15 million for its recycling efforts. With this additional funding, EGLE introduced the "Know It Before You Throw It" education campaign, featuring the Recycling Raccoons, to inform Michiganders on what can and cannot be recycled and how to recycle correctly.

In accordance with the Volkswagen settlement with the federal government, Michigan was allocated \$64.8 million for pollution prevention activities. The Section plans to administer the funding in accordance with the State's Beneficiary Mitigation Plan.

For fiscal year 2019, the Section expended \$20.6 million. As of July 31, 2019, the Section had 15 full-time employees.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the records and processes related to the Section's efforts to evaluate its effectiveness and administration of grants and other resources. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2016 through July 31, 2019.

METHODOLOGY

We conducted a preliminary survey to obtain an understanding of the Section's processes and internal control in order to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Reviewed current and previous organizational charts for each Unit within the Section.
- Reviewed applicable State laws and departmental policies and procedures.
- Reviewed the Executive Order that transferred the Energy Unit to EGLE.
- Reviewed EGLE appropriations acts and expenditures applicable to our audit period.
- Reviewed each Unit's mission statement.
- Interviewed Section management and staff regarding their functions and responsibilities.
- Obtained an overview of each Unit's process for awarding and monitoring funding opportunities.
- Assessed internal control over the Section's operations.
- Reviewed reports published by EGLE regarding the amounts recycled and pollution prevention results obtained.

* See glossary at end of report for definition.

- Reviewed reports published by outside parties regarding energy reduction activities and recycling measures.
- Reviewed SDU's small business loan program to identify the number of active loans and to assess whether the Section was pursuing collection of outstanding balances.
- Reviewed relevant portions of the EGLE Web site to obtain an overview of the Section's operations.
- Analyzed self-assessment scorecards published by EGLE.

OBJECTIVE #1

To assess the sufficiency of the Section's efforts to evaluate its effectiveness.

To accomplish this objective, we:

- Reviewed the necessary components of a comprehensive continuous quality improvement process used to assess program effectiveness.
- Analyzed the goals, performance benchmarks, and self-assessments used by the Section.
- Reviewed and assessed the annual reports prepared by EGLE and evaluated how it verified the information for completeness and accuracy.
- Reviewed and assessed the performance reports prepared by outside parties for energy saving and recycling activities.
- Evaluated the Section's efforts to measure the effectiveness of its sponsorship program. We sampled 4 of 62 sponsorship events that were funded between October 1, 2016 and July 31, 2019. Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the entire population.
- Assessed the Section's efforts to determine the energy savings for the LED light rebate program.
- Reviewed proposed legislation concerning recycling performance standards.
- Performed an analysis of the average distance that residents of 18 counties would have to travel to recycle items. The counties were judgmentally selected based on the size of their population. Therefore, we could not project the results to all 83 counties.
- Assessed SDU's contact and direct assistance monitoring process to determine whether the number of

contacts was consistently recorded by SDU staff and to analyze the reasonableness of the performance measure for the assistance process.

- Reviewed EGLE's reimbursement payment funding model to determine whether the Section monitored grant activity prior to making payment.
- Analyzed information on EGLE's Web site for the Section to determine whether information related to the Michigan Business Pollution Prevention Partnership* (MBP3), Michigan's Clean Corporate Citizen* (C3), and Neighborhood Environmental Partners Programs was complete and accurate.

OBJECTIVE #2

To assess the effectiveness of the Section's administration of grants and other resources.

To accomplish this objective, we:

- Reconciled Recycling Unit grant records with records held by the Materials Management Division's Administrative Support Section to ensure that the list of grants related to recycling projects was complete and accurate.
- Tested compliance with departmental policies and grant language for 21 grants issued by EGLE during the period October 1, 2016 through July 31, 2019 totaling \$14,833,128 (including local matching funds). Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the entire population.
- Tested compliance with departmental policies for 8 of the 161 rebates totaling \$100,057 that the Energy Unit issued from October 1, 2016 through July 31, 2019. Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the entire population.
- Tested compliance with departmental policies for 7 of the 62 sponsorships totaling \$28,852 that the Energy Unit awarded from October 1, 2016 through July 31, 2019. Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the entire population.

* See glossary at end of report for definition.

- Assessed the reasons why six programs associated with SDU had limited activity and funding during our audit period.
- Reviewed 19 of 148 memberships that were active as of July 30, 2019 in SDU's C3 Program for compliance with the *MCL*. Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the entire population.
- Reviewed 18 of 182 memberships that were active as of September 13, 2019 in SDU's MBP3 Program to determine whether the members annually reported their progress toward meeting environmental and pollution prevention goals to EGLE. Our sample was randomly selected to eliminate bias and enable us to project the results to the entire population.
- Assessed EGLE's compliance with *MCL* Section 324.14303(1)(e) related to establishing goals, publishing an analysis of potential pollution prevention opportunities, and reporting community pollution prevention grant achievements.
- Reviewed the Section's proposed updates to the C3 and MBP3 Programs.
- Reviewed EGLE's Beneficiary Mitigation Plan to document how the State intends to use the Volkswagen settlement funds and ensure that the Plan was prepared in accordance with federal requirements.
- Reviewed the Section's initial grant awarded under the Volkswagen Settlement Beneficiary Mitigation Plan to ensure that the items to be purchased were consistent with the Plan.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions* or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 1 finding and 1 corresponding recommendation. EGLE's preliminary response indicates that it agrees with the recommendation.

The agency preliminary response that follows the recommendation in our report was taken from the agency's

* See glossary at end of report for definition.

written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

**SUPPLEMENTAL
INFORMATION**

Our audit report includes supplemental information presented as Exhibits #1 through #4. Our audit was not directed toward expressing a conclusion on this information.

GLOSSARY OF ABBREVIATIONS AND TERMS

Clean Corporate Citizen (C3)	An EGLE program which allows regulated establishments that have demonstrated environmental stewardship and a strong environmental ethic through their operations in Michigan to be recognized as Clean Corporate Citizens. Voluntary participants receive public regulation and certain regulatory benefits, including expedited permitting.
DOE	U.S. Department of Energy.
effectiveness	Success in achieving mission and goals.
EGLE	Department of Environment, Great Lakes, and Energy.
EPA	U.S. Environmental Protection Agency.
LARA	Department of Licensing and Regulatory Affairs.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
<i>MCL</i>	<i>Michigan Compiled Laws.</i>
Michigan Business Pollution Prevention Partnership (MBP3)	An EGLE program to help advance pollution prevention activities by businesses by providing assistance and resources, as well as recognizing their individual efforts through public recognition.
mission	The main purpose of a program or an entity or the reason that the program or the entity was established.
observation	A commentary that highlights certain details or events that may be of interest to users of the report. An observation may not include all of the attributes (condition, effect, criteria, cause, and recommendation) that are presented in an audit finding.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.

Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

reimbursement grant

A grant structured so that payment of the grant is only authorized by the State after submission of proof of payment for project expenditures by the grant recipient.

reportable condition

A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.

SDU

Sustainable Development Unit.



Report Fraud/Waste/Abuse

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