



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

July 1, 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 June 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.

<u>Department</u>	<u>Audit Title and Type</u> (Performance - per / Financial - fin / Follow-up - fol / Contracted - con / Single - sa / Review - rev / Investigative - inv)	<u>Project Number</u>
Transportation	Use of Transportation-Related Funding - Risk Assessment - (per)	591-0105-20

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.

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

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Transportation	Use of Warranties - (per)	591-0320-20

Approved Objectives:

1. To assess the effectiveness of MDOT's efforts to monitor its road and bridge corrective action warranty work.
2. To assess the sufficiency of MDOT's efforts to evaluate the overall value of requiring warranties.
3. To assess the effectiveness of MDOT's efforts to ensure the completeness and accuracy of information in MDOT's Statewide Warranty Administration Database (SWAD).

Department	Audit Title and Type	Project Number
Transportation	Disadvantaged Business Enterprise Program - (per)	591-0351-20

Approved Objectives:

1. To assess the sufficiency of OBD's efforts to ensure that DBEs comply with certification requirements.
2. To assess the effectiveness of OBD's administration of the DBE program.
3. To assess the effectiveness of selected access controls over the Michigan Unified Certification Program (MUCP) system.

Department	Audit Title and Type	Project Number
State Budget Office	COVID-19 Expenditures Report 2 - (per)	000-2000-20B

Approved Objectives:

1. To determine the appropriateness of State agencies' COVID-19 expenditures through May 31, 2020.
2. To report State agencies' COVID-19 expenditures May 31, 2020.

Department	Audit Title and Type	Project Number
Environmental, Great Lakes, and Energy	Clean Michigan Initiative, Environmental Protection Programs - (per)	761-0217-20

Approved Objectives:

1. To assess the effectiveness of EGLE's efforts to ensure that the use of CMI funds complies with laws, regulations, and contract requirements.
2. To compile and report data for programs eligible for CMI funding.

Department	Audit Title and Type	Project Number
Labor and Economic Opportunity	Homeownership Programs - (per)	186-0205-20

Updated Approved Audit Objectives:

To address budgetary and resource allocation issues, we have modified the scope of the audit to address 3 audit objectives in this project and postpone audit work related to 2 objectives to a future project. Accordingly, the title will be changed to better reflect the work completed in the current project.

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
Corrections	Special Alternative Incarceration Program for Men - (per)	471-0202-19	August 2020

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Environmental, Great Lakes, and Energy	Sustainability Section, Materials Management Division - (per)	761-0335-19	06/03/2020	0	1

Technology, Management, and Budget	SQL Database Controls - (per)	071-0571-19	06/09/2020	7	0
Transportation	Traffic and Safety Section - (per)	591-0162-19	06/11/2020	0	3
Education	Great Start Readiness Program - (fol)	313-0260-15F	06/16/2020	0	0
Corrections	Women's Huron Valley Correctional Facility - Medical, Dental, and Optical Services - (per)	471-0301-19	06/17/2020	1	3
State Budget Office	COVID-19 Expenditures - (per)	000-2000-20	06/25/2020	0	0
State Budget Office	Independent Accountant's Review Report, Revenue Subject to Constitutional Limitation - (rev)	071-0030-20	06/30/2020	0	0
State Budget Office	Independent Accountant's Review Report, Proportion of Total State Spending from State Sources - (rev)	071-0031-20	06/30/2020	0	0
State Budget Office	Michigan Public School Employees' Retirement System Schedules of Employer Pension and OPEB Allocations and Schedules of Collective Pension and OPEB Amounts - (rev)	071-0164-20	06/30/2020	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,



Doug Ringler
Auditor General

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