

Office of the Auditor General
Performance Audit Report

COVID-19 Expenditures
State of Michigan

September 2020

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

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

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

COVID-19 Expenditures

State of Michigan

Report Number:
000-2000-20B

Released:
September 2020

On March 10, 2020, Governor Gretchen Whitmer declared a state of emergency when the Michigan Department of Health and Human Services (MDHHS) identified the first two presumptive positive cases of the novel coronavirus (COVID-19) respiratory illness. The Legislature enacted Public Act 66 of 2020 and Public Act 67 of 2020, appropriating supplemental funding for COVID-19. In addition, Section 704 (3), Public Act 53 of 2019 allows the Michigan Department of State Police to receive and expend money from local, State, federal, or private sources for the purpose of supporting emergency preparedness, response, recovery, and mitigation activity. As of May 31, 2020, supplemental appropriations for COVID-19 totaled \$2.5 billion. Public Act 67 of 2020 requires the Auditor General to audit the use of the funds appropriated for the COVID-19 emergency and report monthly until the funds are expended. Our report includes COVID-19 expenditures appropriated by all 3 Public Acts. This is our second monthly report.

Audit Objective			Conclusion
Objective #1: To determine the appropriateness of State agencies' COVID-19 expenditures through May 31, 2020.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS did not process in a timely manner 11,089 student records for pandemic SNAP benefit payments, which resulted in a one- to two-month delay of benefits to students totaling \$4.1 million (Finding #1).		X	Agrees
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Deficiencies and challenges existed regarding the receipt of goods purchased for the COVID-19 emergency (Observation #1).	Not applicable for observations.		
Exhibits Related to This Audit Objective			
Exhibit #1 - Summary of Expenditures Sampled for Testing			
Exhibit #2 - Summary of Exceptions and Pending Items			

Audit Objective			Conclusion
Objective #2: To report State agencies' COVID-19 expenditures.			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 #3</u> - Appropriations and Departmental Allocations <u>Exhibit #4</u> - Expenditures by Fund Source, Department, Appropriation, and Response Category <u>Exhibit #5</u> - Coronavirus Relief Fund Payments and Allocations <u>Exhibit #6</u> - Expenditures by Department, Appropriation, and Response Category <u>Exhibit #7</u> - Expenditures by Response Category for All Appropriations <u>Exhibit #8</u> - Chart of COVID-19 Expenditures by Response Category for All Appropriations <u>Exhibit #9</u> - Vendors With Total Payments of \$500,000 or Greater <u>Exhibit #10</u> - Expenditures by Classification Category for All Appropriations			

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Doug A. Ringler, CPA, CIA
Auditor General

September 18, 2020

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
State Capitol Building
Lansing, Michigan

The Honorable Shane Hernandez, Chair
House Appropriations Committee
State Capitol Building
Lansing, Michigan

The Honorable Curtis Hertel, Jr., Min. Vice Chair
Senate Appropriations Committee
Connie B. Binsfeld Building
Lansing, Michigan

The Honorable Jon Hoadley, Min. Vice Chair
House Appropriations Committee
Anderson House Office Building
Lansing, Michigan

Dear Senators Stamas and Hertel and Representatives Hernandez and Hoadley:

This is our performance audit report on the COVID-19 Expenditures, State of Michigan.

We organize our findings and observations by audit objective. The Michigan Department of Health and Human Services provided the 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.

Section 204, Public Act 67 of 2020, effective March 30, 2020, requires the Office of the Auditor General to audit the use of funds appropriated for coronavirus public health emergency - health care capacity, coronavirus public health emergency, and coronavirus response fund and report to the chairs of the Senate and House Appropriations Committees at a minimum of every month on the appropriateness of the preceding month's expenditures until the funds are expended. In order to provide a more complete picture of the total spending on COVID-19, our audit scope includes all COVID-19 coded expenditures as of May 31, 2020. Because of the ongoing nature of the audit, not all reported and sampled expenditures were audited by the end of our fieldwork. Expenditures not subject to our review for this report will be considered for our next monthly audit of the COVID-19 expenditures, unless otherwise noted.

The Act also requires the OAG to provide a report by September 30, 2020 on the details of our services related to our review of the COVID-19 expenditures; details of findings of fraud, waste, and abuse; and recommendations for corrective actions by any governmental entity.

This performance audit addresses the first requirement and is our second report on the expenditures of these funds.

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

APPROPRIATENESS OF COVID-19 EXPENDITURES THROUGH MAY 31, 2020

BACKGROUND

Public Act 67 of 2020 requires the Auditor General to conduct an audit of the use of funds appropriated for the Statewide coronavirus emergency and to continue to audit and report monthly on the use of these funds.

In addition, Public Act 66 of 2020 and Public Act 53 of 2019 provide for funding sources from General Fund, federal, Federal Emergency Management Agency (FEMA), and private donations related to COVID-19. State agencies were also directed to utilize operating budgets to the extent possible.

Because of the ongoing nature of the audit, not all reported expenditures were audited by the end of our fieldwork. Reported expenditures not subject to audit during the current month will be considered for audit during our next monthly audit of the COVID-19 expenditures, unless otherwise noted.

AUDIT OBJECTIVE

To determine the appropriateness of State agencies' novel coronavirus* (COVID-19) expenditures through May 31, 2020.

CONCLUSION

Appropriate.

FACTORS IMPACTING CONCLUSION

- Reviewed support documentation for 223 (96%) of 232 transactions and determined that the COVID-19 expenditures were appropriate (see Exhibits #1 and #2).
- Reviewed 9 transactions totaling \$16.1 million and determined the documentation provided did not support \$4.0 million of the expenditures (see Exhibits #1 and #2).
- Unable to assess the appropriateness for 7 transactions totaling \$36.7 million because documentation was lacking at this time or items were still in transit (see Exhibits #1 and #2).
- Reportable condition* related to the timely processing of Supplemental Nutrition Assistance Program (SNAP) benefit payments (Finding #1).
- Observation* related to improving internal control* over the receipt of purchased goods.

* See glossary at end of report for definition.

FINDING #1

Timely processing of pandemic SNAP benefit payments.

The Michigan Department of Health and Human Services (MDHHS) did not ensure the complete and timely processing of all COVID-19 SNAP benefits. This resulted in one- to two-month delays in payments to eligible beneficiaries of over \$4.1 million.

Section 1101 of House Resolution No. 6201 of 2020, also known as the Families First Coronavirus Response Act, states that "During fiscal year 2020, in any case in which a school is closed for at least 5 consecutive days during a public health emergency designation during which the school would otherwise be in session, each household containing at least 1 member who is an eligible child attending the school shall be eligible to receive assistance pursuant to a state agency plan...", consisting of "benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.)", which established SNAP. An eligible child is defined as one who, if not for the closure of the school attended by the child during a public health emergency designation, would receive free or reduced-price school meals under the National School Lunch Act.

MDHHS and the Michigan Department of Education (MDE) established a process whereby MDE would transmit files identifying students eligible for free and reduced-price school meals through a secure transmission program Web site. MDHHS would then process the MDE files to obtain the students who were eligible for COVID-19 SNAP benefits. We noted two instances in which MDHHS's files were not processed timely and these files included approximately 11,100 student records from MDE's source files:

	Student Records	March/April Payment (\$193.80) Per Student	May/June Payment (\$182.40) Per Student
File 1	3,911	\$ 757,951.80	\$ 713,366.40
File 2	7,178	1,391,096.40	1,309,267.20
Totals	11,089	\$2,149,048.20	\$2,022,633.60

We identified one file, received on May 11, 2020, that MDHHS informed us had been overlooked because of the volume of new data at the beginning of the COVID-19 pandemic. MDHHS also explained that MDE provided a second file on June 17, 2020 that was delayed while MDHHS verified with MDE that the file consisted of new records.

MDHHS affirmed that both files were included in the next set of monthly pandemic SNAP benefits that were processed on August 17, 2020.

RECOMMENDATION

We recommend that MDHHS ensure the complete and timely processing of COVID-19 SNAP benefits to eligible beneficiaries.

**AGENCY
PRELIMINARY
RESPONSE**

MDHHS provided us with the following response:

MDHHS agrees that there was a delay in processing the two files noted. The first file was initially overlooked due to the volume of the new benefit data at the beginning of the COVID-19 pandemic, but was processed as quickly as possible after being identified by MDHHS. MDHHS made a conscious decision to delay the processing of the files once it had been identified that there was a problem with the address fields and a significant number of cards were being returned. This was a brand new program that had to be implemented within a short timeline due to the pandemic and urgent need to get funds to the impacted families, continuing to send cards to addresses that MDHHS knew were flawed would have delayed benefits for those families even longer. MDHHS used the best data that MDE had available within such a short timeframe. The data used by MDE to identify eligible students was statewide data that was not collected for the purposes of creating mailings and therefore did not always capture mailing address and mailing addresses captured were not validated. To ensure all eligible families received their benefits, MDHHS had to work with MDE and the school districts to validate and update many of the addresses. This was a very intensive manual process that added additional time on processing, however, it was a necessary process to ensure that benefits went to all eligible families.

OBSERVATION #1

Internal control over receipt of purchased goods needs improvement.

The State needs to establish sufficient internal control to ensure the receipt of all goods purchased for the COVID-19 emergency. As of August 25, 2020, various State agencies had not provided sufficient documentation to support 10 of 127 sampled purchase transactions totaling \$9.7 million, from March 10, 2020 through May 31, 2020. An additional 5 purchases totaling \$30.7 million were still in transit.

We recognize the unprecedented circumstances that necessitated these emergency purchases and the dilemma that the State was in to receive and distribute these items to citizens. We are reporting this matter because auditing standards require it and to be transparent to our stakeholders. Further, we are disclosing this as an Observation because the period of time in which these purchases occurred was relatively limited. Our testing of the COVID-19 expenditures from June 2020 and moving forward will evaluate whether control improvements occurred. The results of that testing will help determine whether the weaknesses in controls were driven by the emergent need for supplies or if systemic issues exist that the State will need to address.

The State's accounting system, Statewide Integrated Governmental Management Applications* (SIGMA), contains procurement functionality that supports the entire lifecycle of a purchase. SIGMA includes controls to ensure that purchases are received using a matching function which requires either a two-way or three-way match of an order, receipt, and invoice prior to processing the payment.

In addition to the controls included in SIGMA, a receiving process should include other manual controls such as:

- Matching the received goods to the description stated on the accompanying bill of lading and the description on the related purchase order to determine if the order was complete and accurate.
- Inspecting each delivery to identify the quantity and evaluate the quality of the goods received and to document the date of receipt.
- Documenting that the delivery has been inspected and was accepted.
- Properly entering the goods received into an inventory system.

Although the State has established processes as outlined above in a normal purchasing environment, the immediate demand for COVID-19 related goods provided additional challenges that are not typically encountered during routine procurement. This resulted in instances in which the State bypassed the established

* See glossary at end of report for definition.

controls without the development of sufficient compensating controls. For example, because the State was in competition with the rest of the nation in acquiring critical items, it was necessary for the State to provide advanced payments to vendors and to expand the use of the State procurement card. Therefore, the controls built into SIGMA could not be used. In addition, the mass quantities of goods being received, number of vendors supplying similar goods, and various vendor shipping processes have made it difficult to document the receipt of the goods. For example:

- Vendors made partial shipments as the items became available.
- Receipt of partial shipments, some without information identifying the vendor, made tracking the incoming COVID-19 related goods more difficult.
- Significant warehouse space was not available to accommodate the enormous quantity of procured goods.

During our review of COVID-19 expenditures through May 31, 2020 for goods such as personal protective equipment* (PPE), pharmaceuticals, ventilators, and medical beds, we noted:

- Warehouse staff did not always have a list of expected goods to compare delivery information to, including the quantity and type of goods purchased. Also, staff did not always know when to expect deliveries, making it difficult to prepare to inventory and store the incoming goods.
- Goods were often received from a different company than the invoicing company, making it difficult to reconcile to the invoice.
- Deliveries did not always have paperwork noting the makeup of the shipment or the company sending the goods.
- The State did not initially have a centralized facility or location to receipt and store COVID-19 purchases. Instead, goods were shipped to various State locations (including Lansing, Jackson, and Detroit) that were not prepared to handle the receipt of such a large quantity of PPE and other COVID-19 related goods. Also, the State contracted with a vendor, located in Dayton, Ohio, to receipt and distribute a significant amount of COVID-19 related goods. The State had previously identified this company as a logistical vendor in the event of a major Statewide disaster.

On May 20, 2020, the State began leasing a 135,000-square-foot facility in Lansing to consolidate most of its COVID-19 related

* See glossary at end of report for definition.

goods. The COVID-19 Response Warehouse (CRW) began receiving shipments the next day. Initially, CRW received approximately 17 truck shipments a day with a main workforce composed of 40 National Guard members and a limited number of State of Michigan employees. CRW also had as many as 10 truck trailers storing inventory that could not be accommodated within the existing space. In early July, CRW installed large metal shelves to allow pallets to be stacked while still receiving goods and transitioned to a workforce of 10 to 16 State of Michigan employees. As of July 30, 2020, truck shipments were down to 4 or 5 a day with no more than 2 trailers storing excess goods. We were informed that CRW staff have implemented additional procedures for receiving, storing, inventorying, and shipping items. We were also informed that in August 2020, the State hired a contractor to help conduct most of the day-to-day operations at CRW, intending to implement enhanced inventory and tracking processes (such as barcoding) for COVID-19 purchases.



Source: Photos were taken by OAG employees.

STATE AGENCIES' COVID-19 EXPENDITURES THROUGH MAY 31, 2020

BACKGROUND

The State Budget Office (SBO) prepares monthly reports on COVID-19 expenditures reported by State agencies. Due to timing differences, our report on the COVID-19 expenditures may not reflect the same amounts as reported in SBO's published reports.

AUDIT OBJECTIVE

To report State agencies' COVID-19 expenditures.

CONCLUSION

Information provided.

FACTORS IMPACTING CONCLUSION

- We reported the State agencies' COVID-19 expenditures through May 31, 2020.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit #1

COVID-19 EXPENDITURES State of Michigan

Summary of Expenditures Sampled for Testing
From March 10, 2020 Through May 31, 2020

COVID-19 Expenditure Sample			
	March and April	May	Total
Total expenditures	\$ 227,934,172	\$ 305,833,826	\$ 533,767,998
Expenditures sampled (see table below)	\$ 144,107,183	\$ 146,740,519	\$ 290,847,702
Total number of sample items	140	170	310
Items reviewed and appropriate ¹	121	102	223
Dollar amount of appropriate items	\$ 102,547,321	\$ 122,634,528	225,181,849
Items still under review ²	3	68	71
Dollar amount of pending items	\$ 815,976	\$ 24,105,990	\$ 24,921,967
Exceptions noted	9	0	9
Dollar amount of exceptions noted	\$ 4,028,486	\$ 0	\$ 4,028,486
Unable to assess appropriateness of items ³	7	0	7
Dollar amount of unassessed items	\$ 36,715,400	\$ 0	\$ 36,715,400

Sample Expenditures by Response Category

Response Category	Total
COVID Health Care Response	\$ 84,128,264
COVID Individual Assistance	126,427,747
COVID Local Support	31,379,352
COVID Other	9,830,135
COVID Supplemental Expenditure Credits	37,400,289
COVID State Government Operations	296,707
COVID Infection Control	1,385,209
Total	\$ 290,847,702

¹ Review of the appropriateness of the expenditures included, but is not limited to:

- Expenditure related to COVID-19 emergency
- Allowable under the appropriation charged
- Goods/services received
- Expenditure authorized
- Supporting calculations

Dollar amount includes the portion of the sampled items that we deemed appropriate.

² Items are classified as still under review for the following reason: OAG still reviewing for appropriateness.

³ We were unable to assess appropriateness at the time of this report because sufficient documentation has not been provided or items are still in transit.
If we receive additional documentation, we will reassess the categorization of the sample item for future reports.

Note: The total expenditures reported as of May 31, 2020 do not match SBO monthly reporting because of timing differences.

Source: The OAG prepared this exhibit based on our review of expenditure transactions selected from SIGMA and documentation provided by executive branch departments.

* See glossary at end of report for definition.

COVID-19 EXPENDITURES
State of Michigan

Summary of Exceptions and Pending Items
From March 10, 2020 Through May 31, 2020

Exceptions				
Vendor	Purpose of Transaction	Amount	Reason for Exception	Status
Connect6 Group Inc	Masks	\$ 18,760	Insufficient documentation for receipt of 5,600 masks. Total order of 15,600 masks.	Closed
Sanaz LLC	Masks & Gowns	24,896	Order cancelled.	Pending
SpecBid Holdings, Inc	Masks	2,856,000	Insufficient documentation for receipt of 1.7 million masks. Total order of 5 million masks.	Closed
DiaMedical USA Equipment, Inc.	Hospital Beds	63,750 95,000	Insufficient documentation for receipt of 91 beds. Total order of 250 beds.	Closed
DiaMedical USA Equipment, Inc.	Masks	3,540	Insufficient documentation for receipt of 1,200 masks. Total order of 1,200 masks.	Closed
Elegance	Gloves	642,500	Insufficient documentation for receipt of 6,425 boxes. Total order of 20,000 boxes.	Closed
Dultimate LLC	Medical Gowns	2,290	Deemed a loss from a \$5.5 million order.	Closed
Grand Valley State University	Grant to GVSU	321,750	Payment period 1st quarter of 2020, unrelated to COVID-19.	Agency corrected
Total Exceptions		\$ 4,028,486		

Unable to Assess Appropriateness				
Vendor	Purpose of Transaction	Amount	Reason - Unable to Assess	Status
Superior Business Forms, Inc.	Masks	\$ 1,240,000	In transit. Order is incomplete.	Pending
Superior Business Forms, Inc.	Masks	6,000,000	In transit. Order is incomplete.	Pending
Hype Labs, LLC	Masks	5,500,000	In transit. Order is incomplete.	Pending
Superior Business Forms, Inc.	Masks	4,000,000	In transit. Order is incomplete.	Pending
BlackPoint Distribution, LLC	Gowns	14,000,000	In transit. Order is incomplete.	Pending
Total In Transit		\$ 30,740,000		
BlackPoint Distribution, LLC	Masks	\$ 5,925,000	Further documentation required.	Pending
BlackPoint Distribution, LLC	Surgical Masks	50,400	Further documentation required.	Pending
Total Needing Documentation		\$ 5,975,400		
Total Unable To Assess Appropriateness		\$ 36,715,400		

Source: The OAG prepared this exhibit based on our review of expenditure transactions selected from SIGMA and documentation provided by executive branch departments.

COVID-19 EXPENDITURES
State of Michigan

Appropriations and Departmental Allocations
From March 10, 2020 Through May 31, 2020

Public Act 66 of 2020				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
General Fund:				
Coronavirus public health emergency	\$ 10,000,000	\$	\$	Appropriated to the Department of Technology, Management, and Budget (DTMB) and is to be allocated to departments for critical state and local preparedness and response activities for the coronavirus. Activities include monitoring, lab testing, contact tracing, infection control, and continuation of critical State government functions.
Reserved General Fund:				
Coronavirus Response Fund	15,000,000			Appropriated to DTMB and deposited with the Department of Treasury. Reserved until appropriated or authorized by legislative transfer. Investment earnings are to be deposited into the General Fund.
Federal funds				\$50 million to be appropriated to departments, if needed, after the 90-day federal receive and expend authorization in Public Act 67 of 2020 has expired. For State and local preparedness and response activities, departments are to report on the types of activities and the amount expended.
Total Public Act 66 of 2020	\$ 25,000,000	\$ 0	\$ 0	

Public Act 67 of 2020				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
General Fund:				
Coronavirus Public Health Emergency - Health Care Capacity - Michigan Department of Health and Human Services (MDHHS)	\$ 50,000,000	\$	\$ 13,323,670	Section 251 distributed to critical health care providers to expand capacity for the health care response to COVID-19 in the State, in amounts and by a method approved by the State Budget Director and the director of MDHHS.
Public Health Emergency - Department of Technology, Management, and Budget	40,000,000			Appropriated to DTMB and is to be allocated to departments for critical state and local preparedness and response activities for the coronavirus. Activities include monitoring, lab testing, contact tracing, infection control, and continuation of critical State government functions.
MDHHS		30,914,100	109,251	
Reserved General Fund:				
Coronavirus Response Fund	35,000,000			Appropriated to DTMB and deposited with the Department of Treasury. Reserved until appropriated or authorized by legislative transfer. Investment earnings are to be deposited into the General Fund.
Federal Funds (includes Coronavirus Relief Fund):	1,791,825,500		163,589,227	Section 302. Amounts are appropriated to departments for state and local preparedness and response activities. Federal receive and expend authorization was approved by the State Budget Office, was in effect for 90 days, and expired on June 28, 2020.
Coronavirus Relief Fund	112,108,700		67,256,081	Coronavirus Relief Fund total is part of the federal funds amount appropriated.
Total Public Act 67 of 2020	\$ 1,916,825,500	\$ 30,914,100	\$ 177,022,148	

Public Act 53 of 2019				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
FEMA Funds	\$ 520,846,000	\$ 546,282,700 ¹	\$ 152,168,022	Section 704(3) federal emergency receive and expend language. The appropriated amount includes \$20,846,000 authorized in October 2019 for other State disaster declarations that can be used for the COVID-19 pandemic.
Private funds	2,000,000	250,000	4,744	Section 224(01) private donations receive and expend language. Funds are to be expended for the purposes designated by the private or public source.
Total Public Act 53 of 2019	\$ 522,846,000	\$ 546,532,700	\$ 152,172,766	
Total Public Acts	\$ 2,464,671,500	\$ 577,446,800	\$ 329,194,914	

¹ 100% of the FEMA projects amounts were allocated to departments while awaiting confirmation that the Coronavirus Relief Fund could be used to fund the 25% FEMA state match. SBO adjusted the FEMA allocations to departments to \$393,989,000 in June 2020 to reflect the estimated 75% FEMA cost share.

Note: Appropriated amounts originate from the Public Acts. Allocated amounts reflect budget authorization to other State departments in order to capture COVID-19 expenditure activity.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from SIGMA and SBO.

COVID-19 EXPENDITURES
State of Michigan

Expenditures by Fund Source, Department, Appropriation, and Response Category
From March 10, 2020 Through May 31, 2020

Public Act 66 of 2020					
Fund	Appropriation/Department	Appropriated Amount	Allocated to Other Departments	Expended by Department	Response Category
General Fund	Coronavirus Public Health Emergency	\$ 10,000,000	\$	\$	
Restricted General Fund	Coronavirus Response Fund	15,000,000			
Federal		Not applicable			
	Total Public Act 66 of 2020	\$ 25,000,000	\$ 0	\$ 0	

Public Act 67 of 2020					
Fund	Appropriation/Department	Appropriated Amount	Allocated to Other Departments	Expended by Department	Response Category
General Fund	Coronavirus Public Health Emergency - Health Care Capacity - Health and Human Services	\$ 50,000,000	\$	\$ 13,323,670	COVID Local Support
	Coronavirus Public Health Emergency - Technology, Management, and Budget Health and Human Services	40,000,000	30,914,100	109,251	COVID Health Care Response
Restricted General Fund	Coronavirus Response Fund	35,000,000			
Federal	Coronavirus Public Health Emergency - Federal - Public Act 67:				
	Michigan Strategic Fund	21,003,400			
	Labor and Economic Opportunity State	29,109,500		3,584	COVID State Government Operations
	Education	11,247,800			
	Corrections	803,344,900		95,916,089	COVID Local Support
	Health and Human Services	57,125,000		28,154,874	COVID State Government Operations
	Military and Veterans Affairs	505,741,400		32,418,667 ¹	COVID State Government Operations
	State Police	1,958,500		943,216	COVID State Government Operations
	Transportation	28,901,200		5,412,494	COVID State Government Operations
	Natural Resources	332,083,000			
		1,310,800		740,302	COVID State Government Operations
	Total Public Act 67 of 2020	\$ 1,916,825,500	\$ 30,914,100	\$ 177,022,148	

Public Act 53 of 2019					
Fund	Appropriation/Department	Appropriated Amount	Allocated to Other Departments	Expended by Department	Response Category
FEMA	Disaster Assistance:				
	State Police	\$ 520,846,000 ²	\$	\$ 36,283	COVID State Government Operations
	Technology, Management, and Budget		437,900,000	148,991,619	COVID Health Care Response & Other
	Corrections		6,000,000	1,636,314	COVID State Government Operations
	Health and Human Services		101,820,200	1,503,806	COVID Health Care Response & Infection Control
	Agriculture and Rural Development		562,500		
Private Donations	Coronavirus Public Health Emergency - Private - food banks:				
	State Police	1,000,000			
	Education		250,000		
	Coronavirus Public Health Emergency - Private: State Police	1,000,000		4,744	COVID Other
	Total Public Act 53 of 2019	\$ 522,846,000	\$ 546,532,700 ³	\$ 152,172,766	
	Total Public Acts	\$ 2,464,671,500	\$ 577,446,800	\$ 329,194,914	

¹ Health and Human Services:	
COVID Individual Assistance	\$ 318,433
COVID Contact Tracing	264
COVID Infection Control	26,795
COVID Lab Testing	721,296
COVID Local Support	26,111,302
COVID Monitoring	150,495
COVID State Governmental Operations	5,090,081
Total Health and Human Services	<u>\$ 32,418,667</u>

²The appropriated amount includes \$20,846,000 authorized in October 2019 for other State disaster declarations that can be used for the COVID-19 pandemic.

³100% of the FEMA projects amounts were allocated to departments while awaiting confirmation that the Coronavirus Relief Fund could be used to fund the 25% FEMA state match. SBO adjusted the FEMA allocations to departments to \$393,989,000 in June 2020 to reflect the estimated 75% FEMA cost share.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from SIGMA and SBO.

COVID-19 EXPENDITURES
State of Michigan

Coronavirus Relief Fund (CRF) Payments and Allocations
From March 10, 2020 Through May 31, 2020

	<u>Payment Amount</u>	<u>Recipient</u>
Coronavirus Relief Fund (CARES Act - H.R. 748)	\$3,872,510,075	
Payments to Local Governments	116,915,243	City of Detroit
	114,633,581	Kent County
	152,501,374	Macomb County
	219,438,710	Oakland County
	<u>188,331,621</u>	Wayne County
Remaining Balance	\$ 3,080,689,545	State of Michigan
Allocated to State Agencies as of May 31, 2020	<u>112,108,700</u>	see below
Remaining CRF to be Allocated	<u><u>\$ 2,968,580,845</u></u>	

Public Act 67 of 2020

<u>CRF Description of Uses</u>	<u>Allocated Amount</u>	<u>Department</u>
Hazard/Premium Pay - Frontline Workers	\$ 14,571,200	Health and Human Services
	57,125,000	Corrections
	1,958,500	Military and Veterans Affairs
	1,310,800	Natural Resources
	9,893,200	State Police
Food Banks	2,250,000	Education
Health Care Provider Payments	<u>25,000,000</u>	Health and Human Services
Total CRF Allocations	<u><u>\$ 112,108,700</u></u>	

Source: The OAG prepared this exhibit based on information obtained from the U.S. Department of Treasury, SIGMA, and SBO.

CRF allocations are part of the federal funding appropriated in Public Act 67 of 2020.

COVID-19 EXPENDITURES
State of Michigan

Expenditures by Department, Appropriation, and Response Category
From March 10, 2020 Through May 31, 2020

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Agriculture and Rural Development		\$ 213,951
Agriculture development	COVID State Government Operations	12,933
Animal disease prevention and response	COVID State Government Operations	21,286
Animal feed safety	COVID State Government Operations	31,447
Consumer protection program	COVID State Government Operations	420
Emergency management	COVID State Government Operations	14,940
Environmental stewardship - MAEAP	COVID State Government Operations	20,289
Executive direction	COVID State Government Operations	13,408
Food safety and quality assurance	COVID State Government Operations	51,884
Laboratory services	COVID State Government Operations	13,079
Michigan craft beverage council	COVID State Government Operations	277
Milk safety and quality assurance	COVID State Government Operations	1,342
Pesticide and plant pest management	COVID State Government Operations	2,229
Producer security/grain dealers	COVID State Government Operations	13,631
Right-to-farm	COVID State Government Operations	15,368
Rural development fund grant program	COVID State Government Operations	1,419
Attorney General		\$ 45,494
Antitrust, secur fraud, cons protect or class act enf cases	COVID State Government Operations	38,727
Child support enforcement personnel	COVID State Government Operations	83
Department of attorney general	COVID State Government Operations	6,684
Civil Service Commission		\$ 13,695
Agency services	COVID State Government Operations	814
Employee benefits	COVID State Government Operations	459
Executive direction - Civil Service	COVID State Government Operations	2,600
Human resources operations	COVID State Government Operations	2,350
Information technology services and projects - Civil Service	COVID State Government Operations	7,473
Corrections		\$ 30,534,855
Alger Correctional Facility - Munising	COVID State Government Operations	8,472
Baraga Correctional Facility - Baraga	COVID State Government Operations	6,731
Bellamy Creek Correctional Facility - Ionia	COVID State Government Operations	9,834
Budget and operations administration	COVID State Government Operations	15,895
Carson City Correctional Facility - Carson City	COVID State Government Operations	38,143
Central Michigan Correctional Facility - St. Louis	COVID State Government Operations	10,185
Charles E. Egeler Correctional Facility - Jackson	COVID State Government Operations	1,719
Chippewa Correctional Facility - Kincheloe	COVID State Government Operations	21,011
Clinical complexes	COVID State Government Operations	38,741
Cooper Street Correctional Facility - Jackson	COVID State Government Operations	8,580
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	28,154,874
Correctional facilities administration	COVID State Government Operations	260,020
Detroit Detention Center	COVID State Government Operations	2,257
Detroit Reentry Center	COVID State Government Operations	1,535
Disaster assistance	COVID State Government Operations	1,636,314
Earnest C. Brooks Correctional Facility - Muskegon	COVID State Government Operations	4,267

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Corrections, continued		
Education/skilled trades/career readiness programs	COVID State Government Operations	\$ 132
Executive direction	COVID State Government Operations	50
Field operations	COVID State Government Operations	24,957
G. Robert Cotton Correctional Facility - Jackson	COVID State Government Operations	50,025
Gus Harrison Correctional Facility - Adrian	COVID State Government Operations	18,160
Ionia Correctional Facility - Ionia	COVID State Government Operations	2,147
Kinross Correctional Facility - Kincheloe	COVID State Government Operations	9,504
Lakeland Correctional Facility - Coldwater	COVID State Government Operations	22,887
Leased beds and alternatives to leased beds	COVID State Government Operations	62,140
Macomb Correctional Facility - New Haven	COVID State Government Operations	6,527
Marquette Branch Prison - Marquette	COVID State Government Operations	8,522
Mental health and substance abuse treatment services	COVID State Government Operations	207
Michigan Reformatory - Ionia	COVID State Government Operations	7,277
Muskegon Correctional Facility - Muskegon	COVID State Government Operations	1,505
Newberry Correctional Facility - Newberry	COVID State Government Operations	11,969
Oaks Correctional Facility - Eastlake	COVID State Government Operations	2,208
Parnall Correctional Facility - Jackson	COVID State Government Operations	7,244
Parole board operations	COVID State Government Operations	30
Prison food service	COVID State Government Operations	1,494
Richard A. Handlon Correctional Facility - Ionia	COVID State Government Operations	15,738
Saginaw Correctional Facility - Freeland	COVID State Government Operations	17,248
Southern region administration and support	COVID State Government Operations	1,391
St. Louis Correctional Facility - St. Louis	COVID State Government Operations	9,622
Thumb Correctional Facility - Lapeer	COVID State Government Operations	1,202
Transportation	COVID State Government Operations	5,788
Unappropriated - no control ¹	COVID State Government Operations	0
Womens Huron Valley Correctional Complex - Ypsilanti	COVID State Government Operations	22,509
Woodland Correctional Facility - Whitmore Lake	COVID State Government Operations	5,794
Education		\$ 98,866,717
Accountability services operations	COVID State Government Operations	1,295
Administrative law operations	COVID State Government Operations	36
Adolescent and school health	COVID State Government Operations	4
Camp Tuhsmeheeta	COVID State Government Operations	41
Career and technical education operations	COVID State Government Operations	201
Central support operations	COVID State Government Operations	1,252
Coronavirus public health emergency - federal - PA 67	COVID Local Support	95,916,089
Educational supports operations	COVID State Government Operations	2,455
Educator excellence operations	COVID State Government Operations	976
Grant and contract operations	COVID State Government Operations	85
Head start collaboration office	COVID State Government Operations	121
Library of Michigan operations	COVID State Government Operations	2,035
	COVID Other	516
Low incidence outreach program	COVID State Government Operations	235
Mental health grants	COVID State Government Operations	12
Michigan schools for the deaf and blind operations	COVID State Government Operations	502
	COVID Other	12
National school lunch	COVID Local Support	2,928,936
Office of great start operations	COVID State Government Operations	575
Office of systems, evaluation, and technology operations	COVID State Government Operations	117
Partnership district support operations	COVID State Government Operations	728

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Education, continued		
Preschool development grants	COVID State Government Operations	4
School support services operations	COVID State Government Operations	2,678
Special education operations	COVID State Government Operations	998
State board/superintendent operations	COVID State Government Operations	6,617
Strategic planning and implementation operations	COVID State Government Operations	196
Environment, Great Lakes, and Energy		\$ 68,711
Central support services	COVID State Government Operations	40
Communications and community outreach	COVID Other	1,839
Contaminated site investigations, cleanup and revitalization	COVID State Government Operations	99
Facilities management	COVID State Government Operations	9,376
Mapping and other support	COVID Other	11,584
	COVID State Government Operations	6,020
Oil, gas, and mineral services	COVID State Government Operations	2,356
Refined petroleum product cleanup program	COVID State Government Operations	81
Renew Michigan program	COVID Local Support	37,316
Gaming Control Board		\$ 3,803
Gaming control administration	COVID State Government Operations	3,613
Horse racing	COVID State Government Operations	30
Millionaire party regulation	COVID State Government Operations	160
Health and Human Services		\$ 226,064,998
Adult home help services	COVID Individual Assistance	4,971,659
Aging and adult services administration	COVID Other	52,574
	COVID Individual Assistance	4,524
	COVID Local Support	682
AIDS prevention, testing, and care programs	COVID Contact Tracing	55,525
	COVID Individual Assistance	25,741
	COVID Laboratory Testing	7,470
	COVID Other	2,059
	COVID State Government Operations	1,112
	COVID Monitoring	178
Behavioral health facility contingency	COVID Other	155,685
	COVID Infection Control	128,464
Bioterrorism preparedness	COVID Other	519,757
	COVID Monitoring	175,337
	COVID Laboratory Testing	36,520
Bureau of community services and outreach	COVID Other	14,614
	COVID Individual Assistance	509
	COVID Local Support	338
Cancer prevention and control program	COVID Contact Tracing	3,170
	COVID Monitoring	3,053
	COVID Other	2,268
Certificate of need program administration	COVID Individual Assistance	44,309
	COVID Other	30,443
Child support enforcement operations	COVID State Government Operations	23,269
	COVID Infection Control	701
	COVID Other	0

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures	
Health and Human Services, <i>continued</i>			
Child welfare contractual services, supplies, and materials	COVID State Government Operations	6,194	
	COVID Infection Control	3,057	
Children's services administration	COVID State Government Operations	(7)	
Children's special health care services administration	COVID Other	21,115	
	COVID State Government Operations	3,324	
Chronic disease control and health promotion administration	COVID Monitoring	27	
	COVID Contact Tracing	14,409	
	COVID State Government Operations	3,099	
Community services and outreach administration	COVID Other	1,272	
	COVID Local Support	49,501	
	COVID Other	19,715	
Coronavirus public health emergency - federal - PA 67	COVID Infection Control	1,623	
	COVID Local Support	26,111,302	
	COVID State Government Operations	5,090,081	
	COVID Laboratory Testing	721,296	
	COVID Individual Assistance	318,433	
	COVID Monitoring	150,495	
Coronavirus public health emergency - health care capacity	COVID Infection Control	26,795	
	COVID Contact Tracing	264	
	COVID Local Support	13,323,670	
Coronavirus public health emergency - PA 67	COVID Health Care Response	109,251	
Crime victim grants administration services	COVID Other	6,154	
	COVID Local Support	(67)	
Dental programs	COVID Contact Tracing	5,972	
Departmental administration and management	COVID Other	414,046	
	COVID Infection Control	339,219	
	COVID Individual Assistance	121,986	
	COVID Health Care Response	35,289	
	COVID State Government Operations	24,540	
	COVID Contact Tracing	22,966	
	COVID Monitoring	16,089	
	COVID Local Support	1,746	
	COVID Laboratory Testing	1,353	
	Diabetes and kidney program	COVID Contact Tracing	19,000
	Disaster assistance	COVID Infection Control	1,176,052
COVID Health Care Response		327,754	
Domestic violence prevention and treatment	COVID Other	119,713	
Drinking water declaration of emergency	COVID Contact Tracing	3,879	
Emergency medical services program	COVID Other	84,368	
	COVID Monitoring	2,260	
Epidemiology administration	COVID Monitoring	57,967	
	COVID Contact Tracing	16,771	
	COVID Individual Assistance	15,505	
	COVID Infection Control	15,163	
	COVID Laboratory Testing	8,339	
	COVID State Government Operations	6,601	
	COVID Other	3,970	
	Family preservation programs	COVID Monitoring	104
	COVID Other	92	

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Health and Human Services, <i>continued</i>		
Family, maternal, and child health administration	COVID Health Care Response	17,015
	COVID Monitoring	14,223
	COVID Contact Tracing	13,736
	COVID Other	10,438
	COVID Individual Assistance	4,219
Field policy and administration	COVID Other	14,473
Field services contractual services, supplies, and materials	COVID Infection Control	112,387
	COVID State Government Operations	3,698
	COVID Monitoring	723
	COVID Other	117
Food assistance program benefits	COVID Individual Assistance	168,223,290
Foster care payments	COVID Individual Assistance	1,947
Hawthorn Center - psych hospital - children and adolescents	COVID Other	5,195
	COVID State Government Operations	1,756
Health policy administration	COVID Individual Assistance	171,142
	COVID Health Care Response	43,370
	COVID Contact Tracing	17,653
	COVID Quarantine Costs	13,367
	COVID Other	9,576
Healthy Michigan plan	COVID Individual Assistance	118,109
Healthy Michigan plan administration	COVID Other	325,382
	COVID State Government Operations	13,712
	COVID Laboratory Testing	25,747
Hepatitis A outbreak response	COVID Laboratory Testing	25,747
Immunization program	COVID Local Support	34,000
	COVID Infection Control	17,699
	COVID Contact Tracing	9,780
	COVID Individual Assistance	6,115
	COVID Other	1,914
Information technology contingency	COVID State Government Operations	5,862
Juvenile justice, administration and maintenance	COVID State Government Operations	1,685
Laboratory services	COVID Laboratory Testing	230,869
	COVID Monitoring	55
Local health services	COVID Local Support	268,757
	COVID State Government Operations	11,781
	COVID Monitoring	313
Medical services administration	COVID Other	767,073
	COVID State Government Operations	86,997
	COVID Individual Assistance	59,128
	COVID Monitoring	7,564
	COVID Infection Control	2,591
	COVID Laboratory Testing	1,080
	COVID Contact Tracing	396
	COVID Health Care Response	99
Minority health grants and contracts	COVID Other	26,152
Newborn screening follow-up and treatment services	COVID Monitoring	13,005
	COVID Other	9,932
Nurse education and research program	COVID Individual Assistance	10,428
PFAS and environmental contamination response	COVID Laboratory Testing	7,711
	COVID Other	7,203
	COVID Contact Tracing	1,394

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Health and Human Services, continued		
Prenatal care outreach and service delivery support	COVID Contact Tracing	12,808
	COVID Monitoring	6,593
Primary care services	COVID Other	3,874
	COVID Individual Assistance	3,547
Public assistance field staff	COVID Other	35,665
	COVID Health Care Response	20,707
	COVID Contact Tracing	3,262
	COVID Local Support	373
	COVID Individual Assistance	17
Public health administration	COVID Other	13,130
	COVID Individual Assistance	7,977
Sexually transmitted disease control program	COVID Contact Tracing	48,019
	COVID Other	8,440
	COVID Individual Assistance	2,260
	COVID Laboratory Testing	1,479
Shawono center	COVID Infection Control	656
Smoking prevention program	COVID State Government Operations	2,462
	COVID Contact Tracing	1,420
Unappropriated - no control ¹	COVID Laboratory Testing	4,022
Unclassified salaries	COVID Individual Assistance	12,810
	COVID Quarantine Costs	10,727
	COVID Health Care Response	8,784
Vital records and health statistics	COVID Other	2,354
	COVID Contact Tracing	110
Walter P. Reuther Psychiatric Hospital - adult	COVID Other	20,940
Insurance and Financial Services		\$ 13,818
Consumer services and protection	COVID State Government Operations	4,587
Department services	COVID State Government Operations	3,931
Financial institutions evaluation	COVID State Government Operations	994
Insurance evaluation	COVID State Government Operations	4,306
Judiciary		\$ 52,426
Appellate public defender program	COVID State Government Operations	7,183
Court of appeals operations	COVID State Government Operations	3,503
Judicial information systems	COVID State Government Operations	40,640
State court administrative office	COVID State Government Operations	989
Supreme court administration	COVID State Government Operations	110
Labor and Economic Opportunity		\$ 1,014,847
Bureau of services for blind persons	COVID State Government Operations	1,282
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	3,584
Insurance funds administration	COVID State Government Operations	296
Michigan occupational safety and health administration	COVID State Government Operations	778
Michigan rehabilitation services	COVID State Government Operations	1,833
Office of global Michigan	COVID State Government Operations	92
Special project advances	COVID State Government Operations	15
Unemployment insurance agency	COVID State Government Operations	997,674
	COVID Individual Assistance	1,899

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Labor and Economic Opportunity, <i>continued</i>		
Workers' disability compensation agency	COVID State Government Operations	14
Workforce program administration	COVID State Government Operations	7,379
		\$ 126,367
Licensing and Regulatory Affairs		
Administrative services	COVID State Government Operations	1,034
Adult foster care and camps licensing and regulation	COVID State Government Operations	1,060
Bureau of community and health systems administration	COVID State Government Operations	8,692
Bureau of construction codes	COVID State Government Operations	7,184
Bureau of fire services	COVID State Government Operations	444
Bureau of professional licensing	COVID State Government Operations	5,758
Childcare licensing and regulation	COVID State Government Operations	278
Corporations, securities, and commercial licensing bureau	COVID State Government Operations	4,624
Executive director programs	COVID State Government Operations	1,020
Health facilities regulation	COVID State Government Operations	1,050
Liquor licensing and enforcement	COVID State Government Operations	11,277
Management support services	COVID State Government Operations	5,911
Medical marihuana facilities licensing and tracking	COVID State Government Operations	2,528
Medical marihuana program	COVID State Government Operations	938
Michigan indigent defense commission	COVID State Government Operations	382
Michigan office of administrative hearings and rules	COVID State Government Operations	72,072
Public service commission	COVID State Government Operations	1,437
Recreational marihuana regulation	COVID State Government Operations	677
		\$ 23,429
Lottery		
Lottery operations	COVID Other	23,429
		\$ 1,036,439
Michigan Economic Development Corporation		
Unappropriated - no control ¹	COVID Other	1,036,439
		\$ 3,385
Michigan State Housing Development Authority		
Michigan State Housing Development Authority tech services and projects	COVID State Government Operations	3,385
		\$ 13,619,860
Michigan Strategic Fund		
Entrepreneurship eco-system	COVID Other	321,750
GF/GP trans to business attraction and comm revitalization	COVID Other	10,000,000
Jobs for Michigan investment program	COVID Other	3,298,110
		\$ 2,012,361
Military and Veterans Affairs		
Board of managers (veterans homes)	COVID State Government Operations	8,093
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	943,216
D.J. Jacobetti home for veterans	COVID State Government Operations	134,161
Departmentwide - DMVA	COVID State Government Operations	513,951
Grand Rapids veterans home operations	COVID State Government Operations	158,813
Headquarters and armories	COVID State Government Operations	7,019
Michigan veterans affairs agency administration	COVID State Government Operations	26,894
Michigan youth challeNGe academy	COVID State Government Operations	4,807
Military training sites and support facilities	COVID State Government Operations	156
National guard operations	COVID State Government Operations	215,251

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Natural Resources		\$ 1,112,559
Cooperative resource programs	COVID State Government Operations	61
	COVID Health Care Response	58
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	740,302
Finance and operations	COVID State Government Operations	8,913
Fish production	COVID State Government Operations	1,379
Fisheries resource management	COVID State Government Operations	4,201
Forest management and timber market development	COVID Health Care Response	42,389
	COVID State Government Operations	13,919
Forest management initiatives	COVID Health Care Response	268
	COVID State Government Operations	61
Forest recreation and trails	COVID State Government Operations	23
General law enforcement	COVID State Government Operations	110,520
Great Lakes restoration initiative - DNR	COVID State Government Operations	42
Information technology services and projects	COVID Health Care Response	14,177
Invasive species prevention and control	COVID State Government Operations	74
Marketing and outreach	COVID State Government Operations	1,022
Minerals management	COVID State Government Operations	75
Recreational boating	COVID State Government Operations	5,694
State parks	COVID State Government Operations	78,162
Wildfire protection	COVID Health Care Response	86,680
	COVID State Government Operations	1,481
Wildlife management	COVID Health Care Response	2,409
	COVID State Government Operations	650
State		\$ 747,067
Branch operations	COVID State Government Operations	69,690
Central operations	COVID State Government Operations	4,365
Department services operations	COVID State Government Operations	53,648
Education and training services	COVID Other	592,134
Election administration and services	COVID Other	25,879
	COVID State Government Operations	479
Executive direction	COVID State Government Operations	306
Legal services operations	COVID State Government Operations	554
Motorcycle safety education administration	COVID State Government Operations	12
State Land Bank Authority		\$ 455
State land bank authority	COVID State Government Operations	455
State Police		\$ 130,982,261
Commercial vehicle enforcement	COVID State Government Operations	1,672
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	5,412,494
Coronavirus public health emergency - private	COVID Other	4,744
Department services	COVID State Government Operations	70,473
Disaster assistance	COVID MSP Receive and Expend Expenditure Credits ²	124,604,817
	COVID State Government Operations	36,283
Emergency management and homeland security	COVID State Government Operations	708,124
Forensic science	COVID State Government Operations	3,090
Highway safety program	COVID State Government Operations	10,592
Intelligence operations	COVID State Government Operations	7,747

This exhibit continued on next page.

Appropriations (includes operating budgets)	Response Category	Total Expenditures
State Police, continued		
Post operations	COVID State Government Operations	101,536
Secondary road patrol program	COVID State Government Operations	(8)
Special operations	COVID State Government Operations	2,291
Training	COVID State Government Operations	18,406
Technology, Management, and Budget		\$ 27,024,894
Disaster assistance	COVID Health Care Response	146,596,707
	COVID Other	2,394,912
	COVID MSP Receive and Expend Expenditure Credits ²	(124,604,817)
Unappropriated - no control ¹	COVID Health Care Response	2,511,989
	COVID State Government Operations	126,102
	COVID DTMB Supplemental Expenditure Credits	0
Transportation		\$ 169,524
Blue Water Bridge operations	COVID State Government Operations	13,280
Business services	COVID State Government Operations	4,622
Finance, contracts, and support services	COVID State Government Operations	79
Information technology services and projects	COVID State Government Operations	2,272
MDOT - state trunkline federal aid and road-bridge constr	COVID State Government Operations	752
	COVID Other	43
Planning services	COVID State Government Operations	1,252
Program development and delivery	COVID State Government Operations	42,074
State trunkline operations	COVID State Government Operations	87,668
	COVID Other	3,378
System operations management	COVID State Government Operations	14,104
Treasury		\$ 16,083
Collections services bureau	COVID State Government Operations	294
Common cash and debt management	COVID State Government Operations	46
Department services	COVID State Government Operations	10,008
	COVID Other	30
Executive direction and operations	COVID State Government Operations	163
Investments	COVID State Government Operations	53
Local finance	COVID State Government Operations	44
Michigan finance authority - bond finance	COVID State Government Operations	1,128
Office of financial services	COVID State Government Operations	150
Office of revenue and tax analysis	COVID State Government Operations	621
Student financial assistance programs	COVID State Government Operations	346
Supervision of the general property tax law	COVID State Government Operations	573
Tax and economic policy	COVID State Government Operations	281
Tax compliance	COVID State Government Operations	1,630
Tax processing	COVID State Government Operations	562
	COVID Other	85
Unclaimed property	COVID State Government Operations	69
Total COVID-19 Expenditures		<u>\$ 533,767,998</u>

¹"Unappropriated - no control" is a default title in SIGMA that signifies that there are no budgetary controls. This designation could either indicate that expenditures were incurred prior to specific COVID-19 coding being available and will be adjusted accordingly in future reports or the expenditures are related to funds that do not have budgetary controls, such as proprietary funds and component unit funds.

²MSP Receive and Expend Expenditure Credits is used to move the originating expenditures incurred by the Department of Technology, Management, and Budget for Health Care Response back to the Michigan State Police, which was the original appropriated funding source in Public Act 53 of 2019.

Source: The OAG prepared this exhibit based on information obtained from SIGMA and SBO.

COVID-19 EXPENDITURES
State of Michigan

Expenditures by Response Category for All Appropriations
From March 10, 2020 Through May 31, 2020

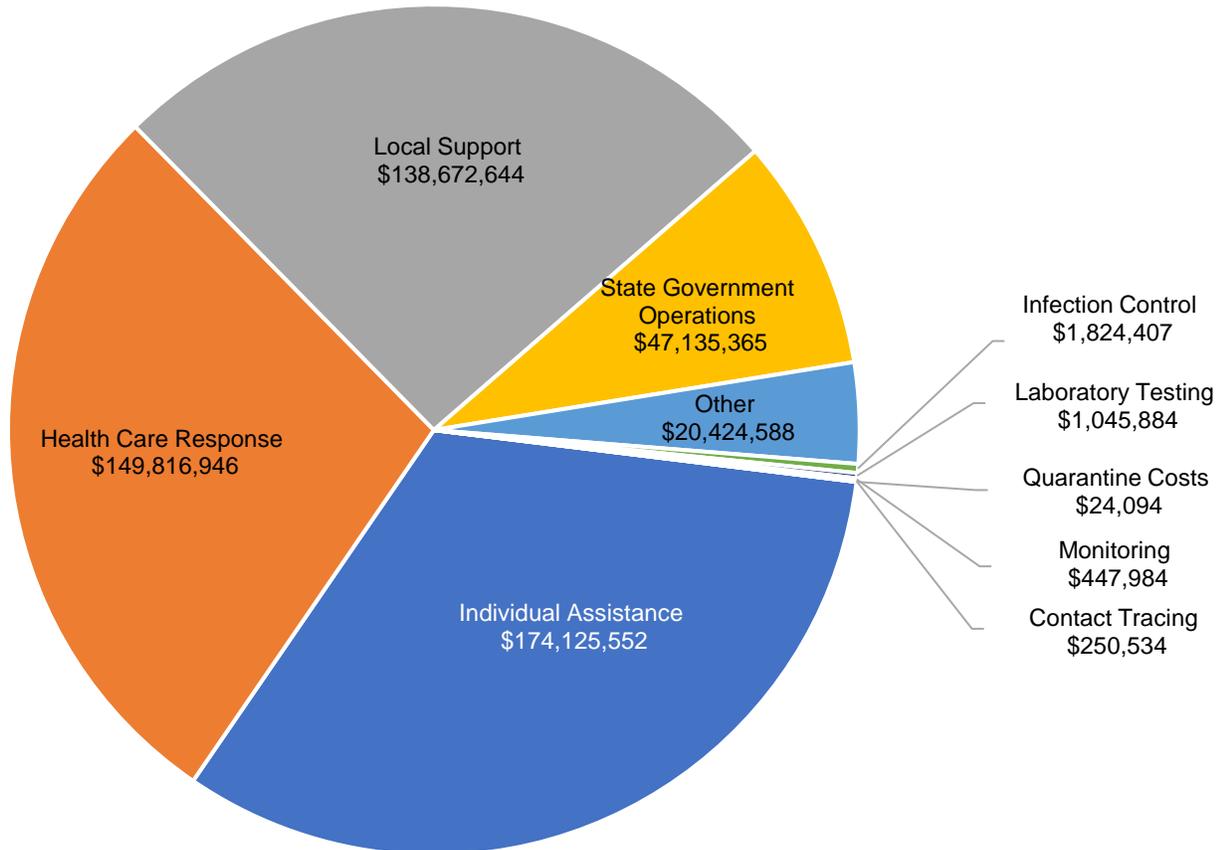
Department	Contact Tracing	Health Care Response	MSP Receive and Expend Expenditure Credits ¹	Individual Assistance	Infection Control	Laboratory Testing	Local Support	Monitoring	Other	Quarantine Costs	State Government Operations	Total
Agriculture and Rural Development	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 213,951	\$ 213,951
Attorney General											45,494	45,494
Civil Service Commission											13,695	13,695
Corrections											30,534,855	30,534,855
Education							98,845,025		529		21,163	98,866,717
Environment, Great Lakes, and Energy							37,316		13,423		17,972	68,711
Gaming Control Board											3,803	3,803
Health and Human Services	250,534	562,269		174,123,653	1,824,407	1,045,884	39,790,303	447,984	2,709,704	24,094	5,286,166	226,064,998
Insurance and Financial Services											13,818	13,818
Judiciary											52,426	52,426
Labor and Economic Opportunity				1,899							1,012,948	1,014,847
Licensing and Regulatory Affairs											126,367	126,367
Lottery									23,429			23,429
Michigan Economic Development Corporation									1,036,439			1,036,439
Michigan State Housing Development Authority											3,385	3,385
Michigan Strategic Fund									13,619,860			13,619,860
Military and Veterans Affairs											2,012,361	2,012,361
Natural Resources		145,981									966,579	1,112,559
State									618,013		129,055	747,067
State Land Bank Authority											455	455
State Police			124,604,817						4,744		6,372,700	130,982,261
Technology, Management, and Budget		149,108,696	(124,604,817)						2,394,912		126,102	27,024,894
Transportation									3,421		166,102	169,524
Treasury									114		15,969	16,083
Total	\$ 250,534	\$ 149,816,946	\$ 0	\$ 174,125,552	\$ 1,824,407	\$ 1,045,884	\$ 138,672,644	\$ 447,984	\$ 20,424,588	\$ 24,094	\$ 47,135,365	\$ 533,767,998

¹MSP Receive and Expend Expenditure Credits is used to move the originating expenditures incurred by the Department of Technology, Management, and Budget for Health Care Response back to the Michigan State Police, which was the original appropriated funding source in Public Act 53 of 2019.

Source: The OAG prepared this exhibit based on information obtained from SIGMA and SBO.

COVID-19 EXPENDITURES
State of Michigan

Chart of COVID-19 Expenditures by Response Category for All Appropriations
From March 10, 2020 Through May 31, 2020



Source: The OAG prepared this exhibit based on information obtained from SIGMA and SBO.

COVID-19 EXPENDITURES
State of Michigan

Vendors With Total Payments of \$500,000 or Greater
From March 10, 2020 Through May 31, 2020

Vendor Name	Amounts Paid	Types of Activities
Aetheris ¹	\$ 1,190,000	PPE
Akervall Technologies Inc.	673,400	PPE
Ann Arbor Public Schools	561,009	Child nutrition program meal reimbursements
Ann Arbor Spark	900,000	Financial Assistance - Deliver/Admin Grants
Apex Rx Solutions ¹	810,000	Antibacterial cleaning supplies and PPE
Ascension Genesys Hospital	535,939	Payment to hospital - Health care capacity
Ascension Providence Hospital	881,120	Payment to hospital - Health care capacity and Suburban Collection Showplace Field Hospital
Ascension St. John Hospital	849,847	Payment to hospital - Health care capacity
Battle Creek Public Schools	696,811	Child nutrition program meal reimbursements
BlackPoint Distribution, LLC	25,900,400	PPE
Boco Enterprises	4,362,300	Hospital expansion
Bow-Boeck Enterprises, LLC	3,000,000	PPE
Brogan & Partners Advertising Consultancy Inc	1,356,876	Media campaign for outreach and education to the public
Carelinc Medical Equipment & Supply Co., LLC	4,389,714	Hospital beds and PPE
City of Detroit	690,392	Child nutrition program meal reimbursements
Comstock Public Schools	945,186	Child nutrition program meal reimbursements
Concordance Healthcare	683,312	Ventilators
Conduent State & Local Solutions, Inc.	160,961,630	SNAP Payments- Disaster Relief (Food Assistance)
Connect6 Group Inc.	4,057,260	PPE
Coulmed Products Group LLC	1,157,700	Ventilators
County of Macomb	1,107,298	Financial Assistance - Deliver/Admin Grants and Grant to County Mental Health Authority
County of Oakland, A Michigan Constitutional Corp.	1,152,867	Financial Assistance - Deliver/Admin Grants
Detroit Economic Growth Corporation	1,600,000	Financial Assistance - Deliver/Admin Grants
Detroit Public Schools Community District	2,473,863	Child nutrition program meal reimbursements
Detroit Regional Convention Facility Authority	3,198,341	TCF Center
Detroit Wayne Integrated Health Network	501,586	Grant to County Mental Health Authority
DiaMedical USA Equipment, Inc.	536,095	PPE and medical equipment
Dultimate, LLC ²	5,490,000	PPE
Elegance USA Inc.	2,190,000	PPE
Fastbeds	1,954,753	Hospital Beds
Flint and Genesee Chamber Foundation	850,000	Financial Assistance - Deliver/Admin Grants
Flint City School District	1,085,972	Child nutrition program meal reimbursements
Food Bank Council of Michigan	2,250,000	Food cost and transportation
Forgotten Harvest Inc	511,796	Child nutrition program meal reimbursements
GDI Services, Inc.	1,500,000	PPE
Gleaners Community Food Bank	1,699,663	Child nutrition program meal reimbursements
Great Lakes Bay Health Centers	879,354	Payment to clinic - Health care capacity
Gredale	580,000	PPE
Gulf Coast Pharmaceutical	2,571,058	Pharmaceuticals
Henry Ford Health System	1,820,663	Payment to hospital - Health care capacity
Holt Sales and Service	1,954,753	Hospital Beds
Hurley Medical Center	566,565	Payment to hospital - Health care capacity
Hype Labs, LLC	5,500,000	PPE
In Aunt Flow, LLC	1,902,864	PPE
In Gladius Wptb, LLC	807,950	PPE
Invest UP	500,000	Financial Assistance - Deliver/Admin Grants
Kautzman Alliance, LLC	1,131,900	PPE
Kentwood Public Schools Superintendent	927,558	Child nutrition program meal reimbursements
Keys Grace Academy	1,522,852	Child nutrition program meal reimbursements

This exhibit continued on next page.

Vendor Name	Amounts Paid	Types of Activities
Laird Plastics Grand Rapids	650,160	PPE
L'anse Creuse Public Schools	588,075	Child nutrition program meal reimbursements
Lansing Economic Area Partnership Inc.	600,000	Financial Assistance - Deliver/Admin Grants
Lansing School District	836,170	Child nutrition program meal reimbursements
Laurel & Mulholland	1,610,300	PPE
Lincoln Park Public Schools	522,696	Child nutrition program meal reimbursements
Magna Electronics Technologies Inc.	4,001,880	PPE
Meijer Inc	2,394,912	Food
Michigan Fashion Proto LLC	500,000	PPE
Midland Public Schools	573,111	Child nutrition program meal reimbursements
Midway Dental Supply	632,359	PPE
Midway Dental Supply LLC	9,454,438	PPE and sanitizing wipes
Mona Shores Public Schools	569,281	Child nutrition program meal reimbursements
Monroe Public Schools	602,012	Child nutrition program meal reimbursements
Northwest Michigan Council of Governments	500,000	Financial Assistance - Deliver/Admin Grants
Oakwood Healthcare Inc.	1,664,475	Payment to hospital - Health care capacity
Plymouth-Canton Community Schools	634,584	Child nutrition program meal reimbursements
Port Huron Area School District	1,018,558	Child nutrition program meal reimbursements
Public Schools of the City of Muskegon	725,226	Child nutrition program meal reimbursements
RACM, LLC	12,151,205	Cleaning services
RPB Safety	1,450,000	PPE
SANAZ LLC ²	4,899,000	PPE
School District of City of Dearborn	1,280,004	Child nutrition program meal reimbursements
School District of the City of Kalamazoo	1,348,823	Child nutrition program meal reimbursements
SDL Medical LLC	1,325,000	PPE
Southwest Michigan First	800,000	Financial Assistance - Deliver/Admin Grants
SpecBid Holdings, Inc	10,662,113	PPE
Spectrum Health Hospitals	671,611	Payment to hospital - Health care capacity
St John Health System-Detroit-Macomb Campus	690,596	Payment to hospital - Health care capacity
St Joseph Mercy Hospital	679,877	Payment to hospital - Health care capacity
St Joseph Mercy Hospital-SMHC	565,033	Payment to hospital - Health care capacity
Staples Contract & Commercial Inc	1,868,507	Cell phones, hand sanitizer, office supplies, portable toilets, PPE, sanitizing cleaning supplies, technical services, and telecommuting supplies
Stryker Sales Corporation	1,388,551	Medical equipment
Sumec International Technology ¹	8,000,000	PPE
Superior Business Forms, Inc.	11,240,000	PPE
Team 84 LLC	16,359,934	PPE
The Regents of the University of Michigan	1,413,349	Payment to hospital - Health care capacity
The Right Place, Inc.	1,000,000	Financial Assistance - Deliver/Admin Grants
Utica Community Schools	1,073,225	Child nutrition program meal reimbursements
VHS Harper-Hutzel Hospital Inc	539,002	Payment to hospital - Health care capacity
VHS Sinai-Grace Hospital Inc	528,283	Payment to hospital - Health care capacity
Warren Consolidated School District	756,537	Child nutrition program meal reimbursements
Waterford School District	653,742	Child nutrition program meal reimbursements
William Beaumont Hospital	2,589,353	Payment to hospital - Health care capacity
Wise Men Distillery LLC	697,250	Antibacterial cleaning supplies
Woodhaven-Brownstown School District	576,600	Child nutrition program meal reimbursements
WPCP Distributors LLC ¹	2,661,269	Ventilators
Total	<u>\$ 379,317,747</u>	

¹ Payments were recalled and funds returned to the State of Michigan.

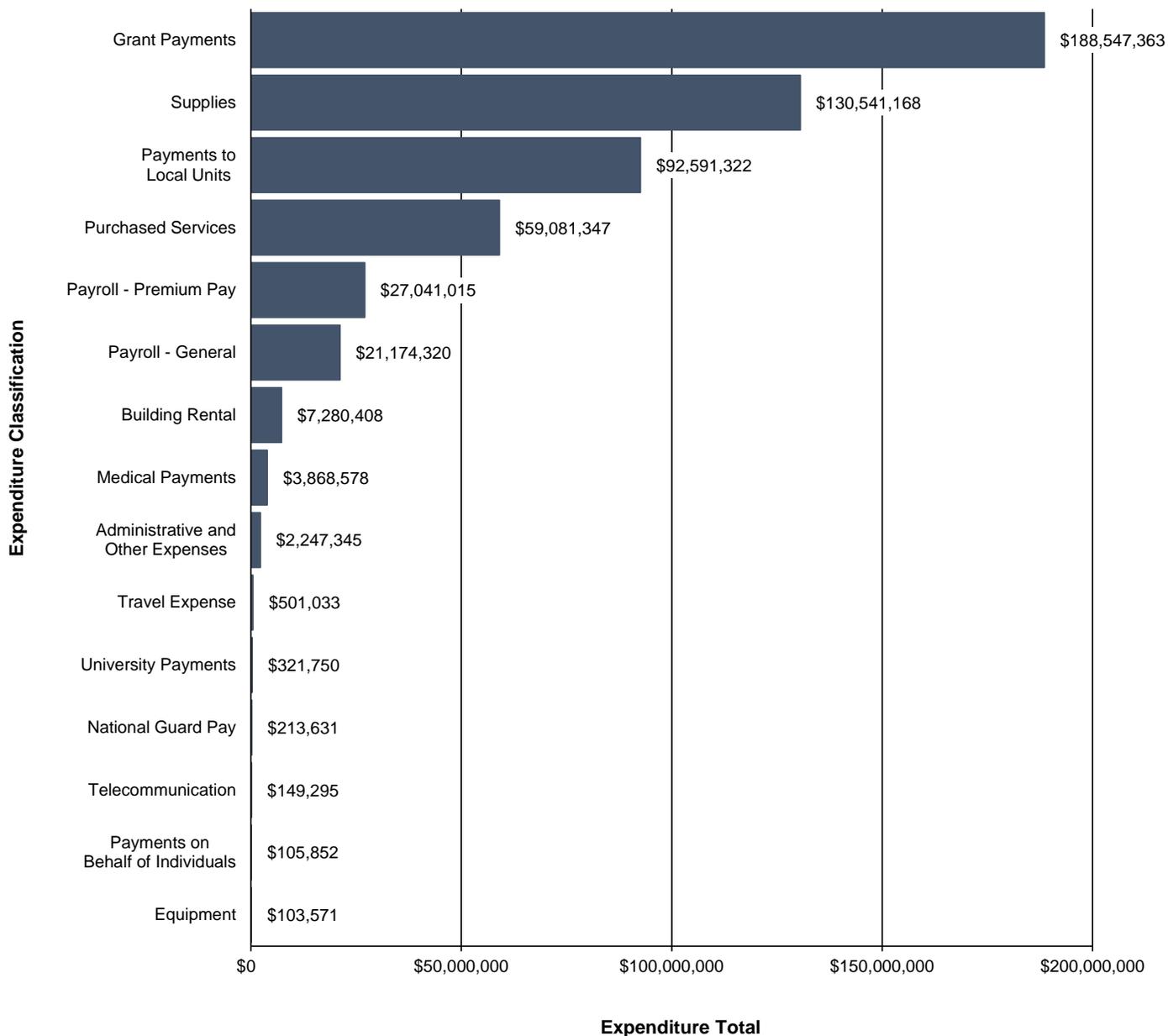
² Payment was recalled, not all funds recovered. See Exhibit #2.

Note: This exhibit identifies vendors who received initial payments totaling \$500,000 or more generally based on the use of a unique vendor ID in SIGMA. The OAG is also working to identify additional vendors who were not identified in SIGMA with a unique vendor ID code. The OAG added the type of activity as reported by the department or supporting documentation.

Source: The OAG prepared this exhibit based on information obtained from SIGMA and SBO.

COVID-19 EXPENDITURES
State of Michigan

Expenditures by Classification Category for All Appropriations
From March 10, 2020 Through May 31, 2020



Source: The OAG prepared this exhibit based on information obtained from SIGMA (general expenditure classifications based on SIGMA Object Codes) and SBO.

DESCRIPTION

On March 10, 2020, Governor Gretchen Whitmer declared a state of emergency across the State of Michigan when MDHHS identified the first two presumptive positive cases of the COVID-19 respiratory illness. The Legislature enacted Public Acts 66 and 67 of 2020, appropriating supplemental funding for COVID-19. Also, Section 704 (3), Public Act 53 of 2019 allows the Michigan Department of State Police to receive and expend money from local, State, federal, or private sources for the purpose of supporting emergency preparedness, response, recovery, and mitigation activity.

Federal acts related to the COVID-19 emergency through May 31, 2020:

- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, effective March 6, 2020.
- Families First Coronavirus Response Act (FFCRA), effective March 18, 2020.
- Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, effective March 27, 2020.
 - Michigan was allocated a total of \$3.9 billion from the Coronavirus Relief Fund, \$800 million of which went directly to the local governmental units of the City of Detroit and Wayne, Macomb, Kent, and Oakland counties.
- Paycheck Protection Program and Health Care Enhancement Act, effective April 24, 2020.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To determine if the expenditures charged to the COVID-19 appropriations were appropriate and to report those expenditures. Our audit was limited to expenditures reported by May 31, 2020.

Because of the ongoing nature of the audit, not all reported and sampled expenditures were audited by the end of our fieldwork. We determined that 223 (96%) of 232 sample expenditures were appropriate and serve as the basis for our conclusion to the first audit objective. In addition, there are 7 sample items we are unable to assess at this time, and 71 are still under review (see Exhibits #1 and #2). Expenditures not subject to our review for this report will be considered for our next audit of the COVID-19 expenditures, unless otherwise noted.

We conducted this performance audit* in accordance with generally accepted government auditing standards, except for completing documentation of our assessments of fraud risk and internal control significant to the audit objectives due to time constraints imposed by the statutory reporting requirements. This did not affect our ability to conclude on the appropriateness of the audited transactions. Generally accepted government auditing 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 audit planning, audit fieldwork, report preparation, and quality assurance, generally covered March 10, 2020 through May 31, 2020.

METHODOLOGY

Pursuant to Public Act 67 of 2020, our audit objectives reflect the monthly reporting requirements to audit the appropriateness and report the Statewide COVID-19 expenditures. Our preliminary survey is ongoing as we gain an understanding of the Statewide policies, procedures, and processes put into place as a result of COVID-19. Based on our ongoing audit fieldwork, our audit objectives, scope, and methodology may change.

During this audit, we:

- Visited the CRW to gain an understanding of the receiving process and volume of COVID-19 goods.

* See glossary at end of report for definition.

- Reviewed SBO guidance to State agencies on COVID-19 expenditures.
- Communicated with department staff to gain an understanding of the controls established over expenditures and reporting.
- Reviewed federal legislation impacting State funding for COVID-19 expenditures.
- Reviewed SBO reports to gain an understanding of expenditures reported by State departments.
- Reviewed and reconciled the federal budget authorizations uploaded in SIGMA and reported to the Legislature through May 31, 2020.

OBJECTIVE #1

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

To accomplish this objective, we:

- Communicated with State departments to obtain an understanding of their reported expenditures, related purchasing processes, payment mechanisms, and monitoring activities.
- Reviewed source documentation supporting selected expenditures. Our samples were judgmentally and randomly selected. Therefore, we could not project the results to the overall populations.

OBJECTIVE #2

To report State agencies' COVID-19 expenditures.

To accomplish this objective, we:

- Validated the account coding used by State agencies for COVID-19 expenditures.
- Extracted the COVID-19 expenditures charged to the appropriations from SIGMA.

CONCLUSIONS

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

AGENCY RESPONSES

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

* See glossary at end of report for definition.

The agency preliminary response that follows the recommendation in our report was taken from the agency's 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 #10.

Information (such as amounts appropriated, funding allocations, total expenditures, or expenditures subject to review) may change between reports. In most instances, this is a result of agency coding changes, expenditure transfers, additional testing performed, or errors identified during our review. Exhibits are adjusted as we become aware of these changes and perform further audit procedures.

GLOSSARY OF ABBREVIATIONS AND TERMS

CRW	COVID-19 Response Warehouse.
DTMB	Department of Technology, Management, and Budget.
FEMA	Federal Emergency Management Agency.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
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.
MDE	Michigan Department of Education.
MDHHS	Michigan Department of Health and Human Services.
novel coronavirus (COVID-19)	The infectious disease caused by the most recently discovered coronavirus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019. COVID-19 is now a pandemic affecting many countries globally.
OAG	Office of the Auditor General.
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.

personal protective equipment (PPE)

Equipment worn to minimize exposure to hazards that cause serious workplace injuries or illnesses. Types of PPE can include masks/respirators, face shields, goggles, gowns/aprons, and gloves.

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.

SBO

State Budget Office.

SNAP

Supplemental Nutrition Assistance Program.

Statewide Integrated Governmental Management Applications (SIGMA)

The State's enterprise resource planning business process and software implementation that support budgeting, accounting, purchasing, human resource management, and other financial management activities.



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