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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

October 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 September 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.

Department	Audit Title and Type	Project Number
	(Performance - per / Financial - fin / Follow-up - fol / Contracted - con / Single - sa / Review - rev / Investigative - inv)	
Labor and Economic Opportunity	Unemployment Insurance Agency Personnel Management Processes During COVID-19 Pandemic - (per)	186-0310-21
Transportation	Administration of Act 51 Funds - (per)	591-0410-21

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.

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Statewide Data Classification Management - (per)	071-0514-20

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.

Department	Audit Title and Type	Project Number
Labor and Economic Opportunity	Michigan Strategic Fund - (fin)	186-0401-21
	Michigan Economic Development Corporation - (fin)	186-0406-21
Legislature	Michigan Legislative Retirement System - (fin)	900-0140-21
Technology, Management, and Budget	State Sponsored Group Insurance Fund - Financial Report for the Fiscal Year Ended September 30, 2020 - (fin)	071-0143-21
	Michigan State Employees' Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0151-21
	Michigan Public School Employees' Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0152-21
	Michigan Judges' Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0153-21
	Michigan State Police Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0154-21
	Michigan Military Retirement Plan Financial Statement Audit and Report on Internal Controls - (fin)	071-0158-21
	State of Michigan 401k Plan Financial Statement Audit and Report on Internal Controls - (fin)	071-0156-21
	State of Michigan 457 Plan Financial Statement Audit and Report on Internal Controls - (fin)	071-0157-21
Transportation	Mackinac Bridge Authority - (fin)	591-0210-21
Treasury	Michigan Education Trust, Plan D - Financial Report for the Fiscal Year Ended September 30, 2020 - (fin)	271-0283-21
	Michigan Education Trust, Plans B & C - Financial Report for the Fiscal Year Ended September 30, 2020 - (fin)	271-0284-21

Approved Objectives:

1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards.

Department	Audit Title and Type	Project Number
State	Office of Investigative Services, Enforcement Division - (per)	231-0234-20

Approved Objectives:

1. To assess the sufficiency of the Division's efforts to deter, detect, and investigate potential fraud.
2. To assess the effectiveness of the Division's efforts to ensure the completeness and accuracy of its case management system.
3. To assess the sufficiency of the Division's efforts to help ensure safety and security at branch offices.

Department	Audit Title and Type	Project Number
State Budget Office	COVID-19 Expenditures Report 3 - (per)	000-2000-20C

Approved Objectives:

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

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
State Budget Office	Statewide Single Audit - (sa)	000-0100-21

Approved Objectives:

1. A single audit determines whether the financial statements are presented fairly and considers internal control over financial reporting and on compliance and other matters.
2. In addition, the single audit evaluates the State's compliance with laws, regulations, and provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Labor and Economic Opportunity	Unemployment Insurance Agency - Administration Fund - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Unemployment Insurance Agency - Unemployment Compensation Fund - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Unemployment Insurance Agency - Contingent Fund - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Unemployment Insurance Agency - Obligation Trust Fund - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
Treasury	State Building Authority - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Bureau of State Lottery - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Michigan Education Savings Program - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Michigan Finance Authority - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Michigan Achieving a Better Life Experience - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA

Approved Objectives:

1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Labor and Economic Opportunity	Single Audit of the Unemployment Insurance Agency - Administration Fund for the Fiscal Year Ended September 30, 2020 - (con)	NA
	Single Audit of the Unemployment Insurance Agency - Unemployment Compensation Fund for the Fiscal Year Ended September 30, 2020 - (con)	NA

Approved Objective:

1. To issue a report on compliance for each major program, internal control over compliance, and the schedule of expenditures of federal awards as required by the Uniform Guidance.

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
State Budget Office	Single Audit Report - (sa)	000-0100-20	October 2020
Technology, Management, and Budget	Michigan State Employees' Retirement System Schedule of Employer Allocations and Schedules of Pension and Other Post Employment Benefit Amounts by Employer - (fin)	071-0165-21	October 2020
Environment, Great Lakes, and Energy	Flint Water Service Line Replacement Expenditures - (per)	761-3017-20	November 2020
Transportation	Bridge Inspections Program and MiBridge System - (per)	591-0169-19	November 2020
Treasury	State Treasury Accounts Receivable System (STAR) - (fol)	271-0590-13F	November 2020

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Education	Adult Education - (per)	186-0720-18	09/04/2020	0	3
State Budget Office	COVID -19 Expenditures Report 2 - (per)	000-2000-20B	09/18/2020	0	1
Corrections	Special Alternative Incarceration Program for Men - (per)	471-0202-19	09/24/2020	2	5

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