



# 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

January 4, 2021

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 December 2020. Please refer to our website's Work in Progress for a complete listing of ongoing projects. We would be pleased to discuss with you any interests or areas of concern you have with any of our ongoing projects.

**Planning Phase** - These are new projects. Typical activities include conducting: the audit entrance meeting; a preliminary survey to identify the audited entity's core activities; assessments of risks and corresponding controls to identify potential program or process improvements or deficiencies; interviews with management and staff, development of detailed audit objectives, and many other tasks.

<b>Department</b>	<b>Audit Title and Type</b> (Performance - per / Financial - fin / Follow-up - fol / Contracted - con / Single - sa / Review - rev / Investigative - inv)	<b>Project Number</b>
None		

**Audits Terminated** - For these projects, after completing the planning phase, we concluded that significant risk did not exist to warrant additional use of audit resources or that extenuating circumstances supported the termination of the project. When appropriate, we issued a Preliminary Survey Summary to reflect this conclusion, distributed copies to management and select legislative members, and posted the summaries on our website.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
None		

**Audit Fieldwork** - Typical activities include: additional management and staff interviews; detailed testing of financial transactions, case files, information systems, and other documentation which support the entity's operations; status updates with management and staff; and other tasks.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Environment, Great Lakes, and Energy	Flint Water Service Line Replacement Expenditures - (per)	761-3017-21

**Approved Objectives:**

1. To determine the appropriateness of EGLE's administrative process to issue payments or reimbursements for the Flint water service line replacements.
2. To determine the appropriateness of EGLE's expenditure of the Flint water service line replacement appropriations.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Health and Human Services	Child Placing Agencies - (per)	431-2780-16

**Approved Audit Objective Removal:**

After obtaining additional information related to the federal monitor's activities, we determined that significant duplication of efforts would occur if we assessed the sufficiency of MDHHS's efforts to report child welfare information applicable to child placing agency activities in accordance with selected State and federal requirements. The federal monitor performs these tasks and has issued four progress and compliance reports between June 2017 and November 2020.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Labor and Economic Opportunity	Unemployment Insurance Agency's Personnel Management Processes During the COVID-19 Pandemic - (per)	186-0310-21

**Approved Objectives:**

1. To assess the sufficiency of selected UIA practices for worker onboarding and offboarding during the COVID-19 pandemic.
2. To provide information on the administrative funding available to UIA during the COVID-19 pandemic and other relevant data.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
State Budget Office	COVID - 19 Expenditures Report 4 - (per)	000-2000-20D

**Approved Objectives:**

1. To determine the appropriateness of State agencies' COVID-19 expenditures.
2. To report State agencies' COVID-19 expenditures.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Transportation	Administration of Act 51-Related Funds - (per)	591-0410-21

**Approved Objectives:**

1. To assess the accuracy of MDOT's allocation and distribution of Act 51-related funding.
2. To assess the sufficiency of MDOT's processes for monitoring and reporting on the use of Act 51-related funding.
3. To assess the effectiveness of selected security and access controls over ADARS.

Please note that some projects, particularly financial audits and follow-up reports, operate from pre-established audit objectives and, therefore, move directly to the audit fieldwork stage.

**Report Preparation** - Typical activities include: preparing the draft audit report, discussion of draft findings with the audited entity, receipt of the entity's preliminary responses to findings, and other tasks.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Estimated Audit Release Date</u>
State Budget Office	COVID-19 Expenditures Report 3 - (per)	000-2000-20C	January 2021
Legislature	Michigan Legislative Retirement System, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2020 - (fin)	900-0140-21	February 2021
Technology, Management, and Budget	State Sponsored Group Insurance Fund - (fin)	071-0143-21	February 2021

Technology, Management, and Budget	State of Michigan 401K Plan, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2020 - (fin)	071-0156-21	February 2021
Technology, Management, and Budget	State of Michigan 457 Plan, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2020 - (fin)	071-0157-21	February 2021
Technology, Management, and Budget	Michigan Military Retirement Provisions, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2020 - (fin)	071-0158-21	February 2021
Transportation	Use of Warranties - (per)	591-0320-20	February 2021
Licensing and Regulatory Affairs	Michigan Automated Prescription System - (per)	641-0220-20	March 2021

### Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Health and Human Services	Medicaid Home Help Program - (per)	391-0708-19	12/11/2020	1	3
Health and Human Services	Child Care Fund - (per)	431-1400-19	12/18/2020	1	0
Transportation	Disadvantaged Business Entities Program, Office of Business Development - (per)	591-0351-20	12/23/2020	0	2
Treasury	Michigan Education Savings Program - Financial Report for the Fiscal Year Ended September 30, 2020 - (con)	NA	12/23/2020	NA	NA

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