

Office of the Auditor General
Performance Audit Report

COVID-19 Expenditures
State of Michigan

January 2021

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:
000-2000-20C

Released:
January 2021

On March 10, 2020, Governor Gretchen Whitmer declared a state of emergency when the Michigan Department of Health and Human Services identified the first two presumptive positive cases of the novel coronavirus (COVID-19) respiratory illness. The Legislature enacted Public Acts 66, 67, 123, 144, and 146 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 August 31, 2020, supplemental appropriations for COVID-19 totaled \$5.7 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 Public Acts. This is our third report.

Audit Objective			Conclusion
Objective #1: To determine the appropriateness of State agencies' COVID-19 expenditures through August 31, 2020.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Shared emergency procurement card purchases of \$35.2 million exposed the State to potential abuse and misuse of State funds (Finding #1).		X	Disagrees
Comprehensive emergency procurement policies and procedures are needed. The Department of Technology, Management, and Budget wired \$96.9 million to 15 vendors before all goods and services were received, increasing the risk of fraud, waste, and loss of funds (Finding #2).		X	Agrees
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 \$1 Million or Greater <u>Exhibit #10</u> - Expenditures by Classification Category for All Appropriations			

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Doug A. Ringler, CPA, CIA
Auditor General

January 26, 2021

The Honorable Gretchen Whitmer
Governor of Michigan
George W. Romney Building
Lansing, Michigan

Mr. Brom Stibitz
Director, Department of Technology, Management, and Budget
Chief Information Officer, State of Michigan
Elliott-Larsen Building
Lansing, Michigan

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

The Honorable Thomas Albert, 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 Joe Tate, Min. Vice Chair
House Appropriations Committee
Anderson House Office Building
Lansing, Michigan

Ms. Margaret O'Brien, Secretary
Michigan Senate
State Capitol Building
Lansing, Michigan

Mr. Gary Randall, Clerk
Michigan House of Representatives
State Capitol Building
Lansing, Michigan

Dear Governor Whitmer, Mr. Stibitz, Senators Stamas and Hertel, Representatives Albert and Tate, Ms. O'Brien, and Mr. Randall:

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

We organize our findings and observations by audit objective. The Department of Technology, Management, and Budget provided preliminary responses to the recommendations 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 August 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 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. We have included these details as of August 31, 2020 and will continue to provide this information through our ongoing performance audit reports until the COVID-19 funds are expended.

This is our third 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 AUGUST 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 Acts 66, 67, 123, 144, and 146 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 audit of the COVID-19 expenditures, unless otherwise noted.

AUDIT OBJECTIVE

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

CONCLUSION

Appropriate.

FACTORS IMPACTING CONCLUSION

- Reviewed supporting documentation for 649 transactions and determined that the COVID-19 expenditures were appropriate (see Exhibit #1).
- Reviewed 14 transactions totaling \$23.4 million and determined the documentation provided did not support \$10.4 million of the expenditures (see Exhibits #1 and #2).
- Two reportable conditions* related to circumvention of procurement card policies and procedures and controls over procurement card payments to vendors (Findings #1 and #2).

* See glossary at end of report for definition.

FINDING #1

Circumvention of procurement card policies and procedures.

The Department of Technology, Management, and Budget (DTMB) did not ensure that individual procurement cards were only assigned to and used by one person when making emergency COVID-19 purchases. Assigned cardholders allowed other employees to use their procurement cards to make emergency purchases of \$35.2 million, exposing the State to potential abuse and misuse of State funds.

State of Michigan Administrative Guide to State Government procedure 0510.17 authorizes only the employee whose name appears on the face of the procurement card to initiate transactions with the card. This requirement is an important control to establish accountability for use of the card. Use of the card by any other person is considered misuse of the card, even if the purchase is for legitimate State business.

Administrative Guide to State Government procedure 0510.17 also requires departments with a need for an emergency procurement card to establish department policies and procedures for its use. The procedure states, "As part of a department emergency preparedness plan, emergency procurement cards may be requested prior to an emergency."

Prior to the declared emergency, DTMB had two individuals with assigned procurement cards because of their existing roles in the State Emergency Operations Center. DTMB obtained additional procurement cards for Central Procurement Services (CPS) staff to use during the pandemic to prevent the loss of critical supplies that required immediate payment to procure. To provide CPS staff with additional flexibility, DTMB obtained five new procurement cards in CPS's name, rather than to a specific cardholder, allowing CPS staff to share the cards. These new shared cards were each assigned to an individual "owner" who was responsible for compiling receipts to ensure the cards appropriate use, similar to solely-assigned cards. Although all new procurement cards were available for use by April 1, 2020, DTMB informed us that two of the new shared cards were never used.

We noted:

<u>DTMB Procurement Card Activity (March 10, 2020 Through August 7, 2020)</u>	<u>Number</u>	<u>Amount</u>
Total Transactions	673	\$ 60,572,291
Sample Items Reviewed	91	\$ 33,689,112
Shared Regular Procurement Card Sample Items Reviewed	29	\$ 8,082,545
Shared Emergency Procurement Card Sample Items Reviewed	10	\$ 6,642,829
Unreviewed Transactions	582	\$ 26,883,179

We did not identify exceptions related to 35 (90%) of the 39 shared card sample items reviewed. However, we could not verify that the State received all of the goods purchased for 4 (10%) of 39 shared card sample items (see Exhibit #2 - DiaMedical and Elegance totaling \$804,790). Our prior COVID-19 Expenditures performance audit report, issued in September 2020 and located at audgen.michigan.gov/wp-content/uploads/2020/09/r000200020B-3322.pdf, identified concerns in Observation* #1. We reported that the State needs to establish sufficient internal control* to ensure the receipt of all goods purchased for the COVID-19 emergency.

DTMB's COVID-19 purchase tracking spreadsheet identified additional shared procurement card vendor purchases totaling \$20.5 million. DTMB should consider requesting the Office of Internal Audit Services (OIAS) to conduct a review of these higher risk transactions.

As of October 2, 2020, six months after the initiation of emergency procurement card procedures, DTMB had still not taken action to ensure that all emergency procurement cards had been either eliminated or destroyed and that remaining procurement cards in use were assigned to one specific individual, with no further sharing among DTMB employees, in compliance with Administrative Guide to State Government procedure 0510.17.

RECOMMENDATIONS

We recommend that DTMB ensure that individual procurement cards are only assigned to and used by one person when making emergency COVID-19 purchases.

We also recommend that DTMB seek assistance from OIAS to review shared procurement card transactions not reviewed by the OAG.

AGENCY PRELIMINARY RESPONSE

DTMB provided us with the following response:

DTMB disagrees that given the exceptional circumstances that come with a 100-year pandemic, that individual procurement cards for each buyer should have been obtained. During the height of the pandemic, there was an extraordinarily high level of demand for personal protective equipment (PPE) which far exceeded the supply. As a result, many vendors were requiring immediate pre-payment. DTMB obtained procurement cards for three additional central procurement staff but since timing was critical in obtaining PPE, DTMB needed to have additional buyers available to make purchases at a moment's notice. DTMB Central Procurement did not have the resource bandwidth to dedicate specific individuals to this task while ensuring other*

* See glossary at end of report for definition.

critical tasks were completed. As a result, DTMB needed to have some shared procurement cards. To mitigate the risk associated with shared procurement cards there were three levels of review completed for each purchase. One person was assigned as the owner of each card and was responsible for ensuring that purchases were appropriate and that all supporting documentation was collected and reviewed. In addition, the supervisor of each assigned owner of a procurement card and the Statewide Procurement Administrator both reviewed each purchase and supporting documentation.

**AUDITOR'S
COMMENTS TO
AGENCY
PRELIMINARY
RESPONSE***

We acknowledge the exceptional circumstances that the pandemic has presented. However, as noted in the finding, as of October 2, 2020 DTMB had not taken action to ensure that all emergency procurement cards had been either eliminated or destroyed and that the remaining procurement cards in use were assigned to one specific individual, with no further sharing among DTMB employees.

Further, considering the short time frames for review and approval, the length of time it took DTMB to provide supporting documentation, and the difficulties noted in validating the receipt of all goods purchased, we continue to see a need for an OIAS review of shared procurement card transactions.

As a result, the finding stands as written.

* See glossary at end of report for definition.

FINDING #2

Controls over payments to vendors.

DTMB did not have comprehensive emergency procurement policies and procedures in place prior to the COVID-19 emergency, resulting in increased risks for fraud, waste, and loss of funds.

DTMB indicated that the demand for PPE exceeded the supply as cases grew quickly during the onset of the COVID-19 pandemic. As a result, the global purchasing environment for PPE changed and DTMB was unable to follow its normal purchasing processes. During the COVID-19 emergency, many vendors required payment prior to the delivery of goods, preventing the use of standard payment methods. Comprehensive policies and procedures for emergency purchases would help ensure that vendor payments are linked with the receipt of the goods and better enable DTMB to track items that have been received and those still outstanding and overall help prevent fraud, waste, and loss of funds.

We noted that DTMB's emergency policies and procedures did not contain information related to:

- a. Considerations and protocols to be followed when prepaying large dollar emergency procurements.

DTMB wired \$96.9 million to 15 vendors before all goods and services were received. DTMB recalled \$23.1 million (24%) of \$96.9 million in previously approved wire transfer disbursements to 6 vendors. DTMB informed us that the recalls related to being bumped in the vendors' production schedules, which created potential significant delays in receiving the products and potential fraud on behalf of the vendors.

The State did incur a \$24,896 loss from one vendor which, without two separate interventions by the financial institution, would have made nearly \$4.9 million available to the vendor for withdrawal.

In this instance, the receiving financial institution notified the State of red flags on the out-of-state vendor's bank account. After further inquiry, DTMB proceeded to wire the vendor \$4.9 million. The next morning the receiving financial institution contacted the State again and froze the funds in the vendor's account when the vendor attempted to make a large cash withdrawal of the funds. The State then attempted to recall the wired funds, but the vendor had already transferred a portion of the funds to another customer. As of September 2020, the State incurred a loss of \$24,896 from this vendor. Our performance audit of COVID-19 Expenditures, issued in September 2020 and located at audgen.michigan.gov/wp-content/uploads/2020/09/r000200020B-3322.pdf, Exhibit #2, identified this transaction as an exception.

- b. A requirement to issue a purchase order or contract prior to sending payments when feasible and to follow up with a purchase order or contract after payment when not feasible.

A purchase order is considered accepted by the vendor upon delivery of the goods or services. DTMB created purchase orders for two vendors subsequent to sending payments in order to establish a procurement audit trail. Both vendors are included in part a. of this finding. DTMB did not issue contracts for 2 of the 15 vendors prior to disbursing funds totaling \$14.3 million.

- c. A requirement to reference manually disbursed funds to procurement contracts within the Statewide Integrated Governmental Management Applications* (SIGMA).

Consequently, DTMB exposed the State to an increased risk for fraud, waste, or loss of funds. Our performance audit of COVID-19 Expenditures, issued in September 2020 and located at audgen.michigan.gov/wp-content/uploads/2020/09/r000200020B-3322.pdf, identified concerns in Observation #1. We reported that the State needs to establish sufficient internal control to ensure the receipt of all goods purchased for the COVID-19 emergency and related to transactions made between March 10, 2020 and May 31, 2020.

RECOMMENDATION

We recommend that DTMB strengthen its internal control by revising policies and procedures to address the increased risk associated with emergency procurement.

**AGENCY
PRELIMINARY
RESPONSE**

DTMB provided us with the following response:

DTMB agrees with the recommendation and will work to implement needed improvements.

* See glossary at end of report for definition.

STATE AGENCIES' COVID-19 EXPENDITURES THROUGH AUGUST 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 August 31, 2020 in the supplemental information section.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit #1

COVID-19 EXPENDITURES State of Michigan

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

	COVID-19 Expenditure Sample			
	March and April	May	June through August	Total
Total expenditures	\$227,934,172	\$305,833,826	\$ 2,202,413,388	\$2,736,181,386
Expenditures sampled (see table below)	\$144,108,327	\$146,909,436	\$ 678,660,050	\$ 969,677,813
Total number of sample items	142	178	350	670
Items reviewed and appropriate ¹	132	176	341	649
Dollar amount appropriate	\$127,932,627	\$134,763,262	\$ 609,733,016	\$ 872,428,905
Items still under review ²	0	2	5	7
Dollar amount of pending items	\$ 0	\$ 12,145,852	\$ 61,679,315	\$ 73,825,167
Exceptions noted	10	0	4	14
Dollar amount of exceptions noted	\$ 4,078,886	\$ 0	\$ 6,347,042	\$ 10,425,928
Unable to assess appropriateness of items ³	0	0	0	0
Dollar amount of unassessed items	\$ 0	\$ 0	\$ 0	\$ 0

Sample Expenditures by Response Category

Response Category	Total
COVID Local Support	\$ 462,668,763
COVID Individual Assistance	196,843,294
COVID Health Care Response	192,035,945
COVID Supplemental Expenditure Credits	37,400,289
COVID State Government Operations	28,823,917
COVID Business Assistance	26,663,090
COVID Other	20,406,329
COVID Infection Control	4,050,602
COVID Laboratory Testing	785,583
Total	\$ 969,677,813

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 exception items that were 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 August 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.

COVID-19 EXPENDITURES
State of Michigan

Summary of Exceptions and Pending Items
From March 10, 2020 Through August 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.	Closed
*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
BlackPoint Distribution, LLC	Surgical Masks	50,400	Insufficient documentation for receipt of 105,000 masks. Total order of 105,000 masks.	Closed
Troy Design & Manufacturing	Face Shields	1,073,600	Insufficient documentation for receipt of 268,000 face shields. Total order of 488,000 face shields.	Closed
RACM, LLC	Cleaning Services	4,295,208 976,184	Payment made in error after contract was cancelled. Funds returned to State by vendor.	Closed
Meijer, Inc	Financial Assistance	2,050	Vouchers provided to Midland County unrelated to COVID-19.	Agency corrected
Total Exceptions		\$ 10,425,928		

Unable to Assess Appropriateness				
Vendor	Purpose of Transaction	Amount	Reason - Unable to Assess	Status
		\$		
Total Unable To Assess		\$		

* Exception noted in prior report

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 August 31, 2020

Public Act 66 of 2020				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
General Fund:				
Coronavirus public health emergency	\$	\$	\$	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. Reduced to \$0 in part 1 appropriations of Public Act 144 of 2020.
Reserved General Fund:				
Coronavirus Response Fund				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. Reduced to \$0 in part 1 appropriations of Public Act 144 of 2020.
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	\$ 0	\$ 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)	\$ 25,000,000	\$	\$ 14,800,000	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. Reduced to \$25 million in part 1 appropriations of Public Act 144 of 2020.
Public Health Emergency - Department of Technology, Management, and Budget				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. Reduced to \$0 in part 1 appropriations of Public Act 144 of 2020.
Reserved General Fund:				
Coronavirus Response Fund				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. Reduced to \$0 in part 1 appropriations of Public Act 144 of 2020.
Federal Funds (includes Coronavirus Relief Fund):	3,313,830,800		1,309,431,457	Section 302. Amounts are appropriated to departments for state and local preparedness and response activities. Federal receive and expend authorization by the State Budget Director. This is in effect for 90 days and expired June 28, 2020. \$915 million originally appropriated in Public Act 67 of 2020 was repealed in Sections 201c(5), Sec 11p(5), and Sec 236g(5) of Public Act 146 of 2020, and Section 206 of Public Act 144 of 2020. See Public Acts 144 and 146 for appropriated amounts.
Coronavirus Relief Fund	1,220,287,300		528,807,092	Coronavirus Relief Fund total is part of the federal funds amount appropriated.
Total Public Act 67 of 2020	\$ 3,338,830,800	\$ 0	\$ 1,324,231,457	

Public Act 123 of 2020				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
Federal Funds:				
Coronavirus Relief Fund	\$ 851,000,000	\$	\$ 17,999,987	Supplemental appropriation - Coronavirus Relief Fund. See Exhibit #5
DOL-ETA, unemployment insurance	29,109,500		10,290,025	Reappropriated in part 1 appropriations of Public Act 123 of 2020 and reduced boilerplate appropriations to \$0 in Public Act 67 of 2020.
Total Public Act 123 of 2020	\$ 880,109,500	\$ 0	\$ 28,290,012	

This exhibit continued on next page.

Public Act 144 of 2020				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
Federal Funds:				
Coronavirus Relief Fund	\$ 203,000,100	\$	\$ 150,000,000	Supplemental appropriation-Coronavirus Relief Fund. See Exhibit #5. Public Act 144 reduced federal appropriations established in Public Act 67 to \$0, and re-appropriated them from the CRF in the same amounts.
Total Public Act 144 of 2020	<u>\$ 203,000,100</u>	<u>\$ 0</u>	<u>\$ 150,000,000</u>	

Public Act 146 of 2020				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
Federal Funds:				
Coronavirus Relief Fund	\$ 712,000,000	\$	\$ 705,956,987	Supplemental appropriation-Coronavirus Relief Fund. See Exhibit #5. Public Act 146 reduced federal appropriations established in Public Act 67 to \$0, and re-appropriated them from the CRF in the same amounts.
Total Public Act 146 of 2020	<u>\$ 712,000,000</u>	<u>\$ 0</u>	<u>\$ 705,956,987</u>	

Public Act 53 of 2019				
	Appropriated Amount	Allocated to Other Departments	Expended by Departments	Purpose
FEMA Funds	\$ 520,846,000	\$ 394,334,800	\$ 314,820,931	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	5,625	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	<u>\$ 522,846,000</u>	<u>\$ 394,584,800</u>	<u>\$ 314,826,556</u>	
Total Public Acts	<u>\$ 5,656,786,400</u>	<u>\$ 394,584,800</u>	<u>\$ 2,523,305,012</u>	

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 August 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	\$ 0	\$ 0	\$ 0	
Restricted General Fund	Coronavirus Response Fund	0			
Federal		Not applicable			
	Total Public Act 66 of 2020	\$ 0	\$ 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	\$ 25,000,000	\$ 22,780,900	\$ 14,800,000	COVID Local Support
	Coronavirus Public Health Emergency - Technology, Management, and Budget Health and Human Services	0	0		
Restricted General Fund	Coronavirus Response Fund	0			
Federal	Coronavirus Public Health Emergency - Federal - Public Act 67:				
	Michigan Strategic Fund	62,990,900		502,400	COVID Business Assistance
	Labor and Economic Opportunity	6,285,000		145,680	COVID State Government Operations
	State	11,247,800		4,328,566	COVID Other
	Education	803,344,900		334,504,215	Multiple (see breakdown below)
	Corrections	436,750,000		377,515,321	COVID State Government Operations
	Health and Human Services	1,286,779,300		411,813,653	Multiple (see breakdown below)
	Military and Veterans Affairs	2,602,700		1,875,783	COVID Other
	State Police	139,679,900		95,307,290	Multiple (see breakdown below)
	Transportation	344,645,700		81,926,258	Multiple (see breakdown below)
	Natural Resources	1,573,000		1,426,921	COVID Other
	Licensing and Regulatory Affairs	3,424,800			
	Technology, Management, & Budget	76,000,000		85,370	COVID State Government Operations
	Attorney General	100,000			
	Judiciary	200,000			
		\$ 3,175,624,000		\$ 1,309,431,457	
	Disaster Assistance				
	Agriculture	\$ 187,500			
	Corrections	2,232,700			
	Health and Human Services	24,092,500			
	Military and Veterans Affairs	215,800			
	State Police	15,047,900			
	Natural Resources	127,200			
	Technology, Management, & Budget	96,303,200			
		\$ 138,206,800			
	Total Public Act 67 of 2020	\$ 3,338,830,800	\$ 22,780,900	\$ 1,324,231,457	

This exhibit continued on next page.

Public Act 123 of 2020

Fund	Appropriation/Department	Appropriated Amount	Allocated to Other Departments	Expended by Department	Response Category
Federal (Coronavirus Relief Fund)	Education				
	Child care rate reduction stipend	\$ 125,000,000	\$	\$	
	District COVID-19 costs	18,000,000		17,999,987	COVID Local Support
	Agriculture and Rural Development				
	Fair food network - double up food bucks	1,000,000			
	Health and Human Services				
	COVID-19 direct care worker hazard pay adjustment	120,000,000		10,290,025	COVID Local Support
	Personal protection equipment grants	25,000,000			
	Inpatient behavioral health grants	5,100,000			
	Victim services continuity and stability grants	4,000,000			
	Food Bank Council of Michigan	9,000,000			
	Water utility assistance	25,000,000			
	Multicultural integration funding	5,000,000			
	Michigan Strategic Fund				
	Small business restart grants (fund 3139)	115,000,000			
	Michigan State Housing Development Authority				
	Rental assistance	60,000,000			
	Labor and Economic Opportunity				
	MIOSHA COVID-19 response grants	10,000,000			
	Licensing and Regulatory Affairs				
Nursing facility infection control surveys	1,400,000				
Treasury					
Device purchasing program/distance learning	25,000,000				
Hospitality relief fund	2,500,000				
Local units of government	200,000,000				
First responder hazard pay premiums	100,000,000				
Total Public Act 123 of 2020		\$ 851,000,000	\$ 0	\$ 28,290,012	

Public Act 144 of 2020

Fund	Appropriation/Department	Appropriated Amount	Allocated to Other Departments	Expended by Department	Response Category
Federal (Coronavirus Relief Fund)	Treasury				
	Coronavirus relief local government grants	\$ 150,000,000	\$	\$ 150,000,000	COVID Local Support
	Teacher COVID-19 grants	53,000,000			
	Non-teaching school employee COVID-19 grants	100			
Total Public Act 144 of 2020		\$ 203,000,100	\$ 0	\$ 150,000,000	

Public Act 146 of 2020

Fund	Appropriation/Department	Appropriated Amount	Allocated to Other Departments	Expended by Department	Response Category
Federal (Coronavirus Relief Fund)	Coronavirus relief fund - operational share:				
	Community Colleges	\$ 36,273,400	\$	\$ 36,273,400	COVID Local Support
	Universities	163,726,600		163,726,600	COVID Local Support
	Coronavirus relief fund - per pupil payments:				
	Education	512,000,000		505,956,987	COVID Local Support
Total Public Act 146 of 2020		\$ 712,000,000	\$ 0	\$ 705,956,987	

This exhibit continued on next page.

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 ¹	\$	\$ 141,789,647	Multiple (see breakdown below)
	Technology, Management, and Budget		303,802,600	155,229,290	Multiple (see breakdown below)
	Corrections		6,697,900	3,683,584	COVID State Government Operations
	Health and Human Services		76,805,400	12,626,160	Multiple (see breakdown below)
	Natural Resources		381,600	423,641	Multiple (see breakdown below)
	Military and Veterans Affairs		6,084,800	864,665	COVID State Government Operations
	Agriculture and Rural Development		562,500	203,943	COVID State Government Operations
Private Donations	Coronavirus Public Health Emergency - Private - food banks:				
	State Police	1,000,000		5,625	COVID Other
	Education		250,000		
	Coronavirus Public Health Emergency - Private: State Police	1,000,000			
	Total Public Act 53 of 2019	\$ 522,846,000	\$ 394,584,800	\$ 314,826,556	
	Total Public Acts	\$ 5,627,676,900	\$ 417,365,700	\$ 2,523,305,012	

Response Category Breakdown

Public Act 67	Public Act 53
Education:	State Police:
COVID Local Support	COVID MSP Receive and Expend Expenditure Credits
COVID Other	COVID State Governmental Operations
COVID State Governmental Operations	
Total Education	Total State Police
Health and Human Services:	Technology, Management, and Budget:
COVID Individual Assistance	COVID Health Care Response
COVID Contact Tracing	COVID MSP Receive and Expend Expenditure Credits
COVID Infection Control	COVID Other
COVID Lab Testing	COVID State Governmental Operations
COVID Local Support	Total Technology, Management, and Budget
COVID Monitoring	Health and Human Services:
COVID State Governmental Operations	COVID Health Care Response
Total Health and Human Services	COVID Infection Control
State Police:	COVID Local Support
COVID Other	COVID State Governmental Operations
COVID State Governmental Operations	Total Health and Human Services
Total State Police	Natural Resources:
Transportation:	COVID Health Care Response
COVID Local Support	COVID State Governmental Operations
COVID State Governmental Operations	Total Natural Resources
Total Transportation	

¹The appropriated amount includes \$20,846,000 authorized in October 2019 for other State disaster declarations that can be used for the COVID-19 pandemic.

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 August 31, 2020

	Payment Amount	Recipient
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
	188,331,621	Wayne County
Remaining Balance	\$ 3,080,689,545	State of Michigan
Allocated to State Agencies as of August 31, 2020	2,986,287,400	
Remaining CRF to be Allocated	\$ 94,402,145	

Public Act 67 of 2020

CRF Description of Uses	Allocated Amount	Department
Hazard/Premium Pay - Frontline Workers	\$ 17,485,400	Health and Human Services
	68,550,000	Corrections
	2,350,200	Military and Veterans Affairs
	1,573,000	Natural Resources
	11,871,900	State Police
Food Banks	2,250,000	Education
Health Care Provider Payments	50,000,000	Health and Human Services
Office of Pandemic Preparedness	1,000,000	State Police
Statewide PPE Stockpile	1,000,000	State Police
Office of Accountability	1,000,000	Technology, Management, and Budget
Public Safety Front Line Payroll	368,200,000	Corrections
	106,800,000	State Police
Additional Future Response Activities	375,000,000	Health and Human Services
	75,000,000	Technology, Management, and Budget
FEMA 25% Match	187,500	Agriculture and Rural Development
	2,232,700	Corrections
	24,092,500	Health and Human Services
	215,800	Military and Veterans Affairs
	127,200	Natural Resources
	15,047,900	State Police
	96,303,200	Technology, Management, and Budget
Total CRF Allocations - Public Act 67 of 2020	\$ 1,220,287,300	

This exhibit continued on next page.

Public Act 123 of 2020

CRF Description of Uses	Allocated Amount	Departments
Double Up Food Bucks	\$ 1,000,000	Agriculture and Rural Development
School District Grants for Instructional Recovery Programming, Benchmark Assessments, or Health and Safety	18,000,000	Education
Child Care Rate Reduction Stipend	125,000,000	Education
Direct Care Worker Pay Increase \$2/hour	120,000,000	Health and Human Services
Personal Protection Equipment for Priority Providers	25,000,000	Health and Human Services
Inpatient Behavior Health Grants for \$100 Per Diem Increase	5,100,000	Health and Human Services
Victim Services Continuity and Stability Grants	4,000,000	Health and Human Services
Food Bank Council of Michigan	9,000,000	Health and Human Services
Water Utility Assistance	25,000,000	Health and Human Services
Multicultural Services	5,000,000	Health and Human Services
Small Business Restart Grants	115,000,000	Michigan Strategic Fund
Rental Assistance and Eviction Diversion	60,000,000	Michigan State Housing Development Authority
MiOSHA Response Grants	10,000,000	Labor and Economic Opportunity
Nursing Home Infection Control Surveys	1,400,000	Licensing and Regulatory Affairs
Device Purchasing Program for Distance Learning	25,000,000	Treasury
Hospitality Relief Fund	2,500,000	Treasury
Allocations to Local Units of Governments for Public Safety and Public Health Payroll	200,000,000	Treasury
Hazard Pay for First Responders	100,000,000	Treasury
Total CRF Allocations - Public Act 123 of 2020	\$ 851,000,000	

Public Act 144 of 2020

CRF Description of Uses	Allocated Amount	Departments
Local Units of Government Payments	\$ 150,000,000	Treasury
Hazard Pay for Teachers at Public and Private Schools	53,000,000	Treasury
Hazard Pay for Non-Teaching School Employees	100	Treasury
Total CRF Allocations - Public Act 144 of 2020	\$ 203,000,100	

Public Act 146 of 2020

CRF Description of Uses	Allocated Amount	Departments
School District Per-Pupil Payment	\$ 512,000,000	Education
Community Colleges Operational Payments	36,273,400	Community Colleges
Universities Operational Payments	\$ 163,726,600	Universities and Financial Aid
Total CRF Allocations - Public Act 146 of 2020	\$ 712,000,000	
Total CRF Allocations - All Public Acts	\$ 2,986,287,400	

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

COVID-19 EXPENDITURES
State of Michigan

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

Appropriations (includes operating budgets)	Response Category	Total Expenditures
Agriculture and Rural Development		\$ 256,551
Agriculture development	COVID State Government Operations	905
Animal disease prevention and response	COVID State Government Operations	6,792
Central licensing and customer service call center	COVID State Government Operations	597
Consumer protection program	COVID State Government Operations	2,852
Disaster assistance	COVID State Government Operations	203,943
Emergency management	COVID State Government Operations	28
Environmental stewardship - MAEAP	COVID State Government Operations	4,565
Executive direction	COVID State Government Operations	10,928
Food safety and quality assurance	COVID State Government Operations	1,981
Laboratory services	COVID State Government Operations	16,730
Michigan craft beverage council	COVID State Government Operations	80
Milk safety and quality assurance	COVID State Government Operations	1,479
Pesticide and plant pest management	COVID State Government Operations	4,432
Producer security/grain dealers	COVID State Government Operations	866
USDA monitoring	COVID State Government Operations	371
Attorney General		\$ 82,461
Antitrust, secur fraud, cons protect or class act enf cases	COVID State Government Operations	23,386
Child support enforcement personnel	COVID State Government Operations	291
Department of attorney general	COVID State Government Operations	58,721
Prosecuting attorneys coordinating council personnel	COVID State Government Operations	63
Civil Service Commission		\$ 20,576
Agency services	COVID State Government Operations	1,857
Employee benefits	COVID State Government Operations	920
Executive direction - Civil Service	COVID State Government Operations	4,943
Human resources operations	COVID State Government Operations	5,383
Information technology services and projects - Civil Service	COVID State Government Operations	7,473
Community Colleges		\$ 36,273,400
Coronavirus relief fund - operational share	COVID Local Support	36,273,400
Corrections		\$ 386,323,425
Alger Correctional Facility - Munising	COVID State Government Operations	9,038
Baraga Correctional Facility - Baraga	COVID State Government Operations	14,804
Bellamy Creek Correctional Facility - Ionia	COVID State Government Operations	15,389
Budget and operations administration	COVID State Government Operations	22,607
Carson City Correctional Facility - Carson City	COVID State Government Operations	83,015
Central Michigan Correctional Facility - St. Louis	COVID State Government Operations	15,176
Charles E. Egeler Correctional Facility - Jackson	COVID State Government Operations	2,695
Chippewa Correctional Facility - Kincheloe	COVID State Government Operations	27,321
Clinical complexes	COVID State Government Operations	2,967,624
Cooper Street Correctional Facility - Jackson	COVID State Government Operations	9,912
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	377,515,321
Correctional facilities administration	COVID State Government Operations	525,004
Detroit Detention Center	COVID State Government Operations	36,911
Detroit Reentry Center	COVID State Government Operations	15,139
Disaster assistance	COVID State Government Operations	3,683,584
Earnest C. Brooks Correctional Facility - Muskegon	COVID State Government Operations	5,707
Education/skilled trades/career readiness programs	COVID State Government Operations	1,677
Executive direction	COVID State Government Operations	50
Field operations	COVID State Government Operations	43,665
G. Robert Cotton Correctional Facility - Jackson	COVID State Government Operations	93,861
Gus Harrison Correctional Facility - Adrian	COVID State Government Operations	36,892
Health care administration	COVID State Government Operations	44,848
Ionia Correctional Facility - Ionia	COVID State Government Operations	4,946
Kinross Correctional Facility - Kincheloe	COVID State Government Operations	17,064
Lakeland Correctional Facility - Coldwater	COVID State Government Operations	32,097
Leased beds and alternatives to leased beds	COVID State Government Operations	746,265
Macomb Correctional Facility - New Haven	COVID State Government Operations	10,813
Marquette Branch Prison - Marquette	COVID State Government Operations	22,081
Mental health and substance abuse treatment services	COVID State Government Operations	3,047
Michigan Reformatory - Ionia	COVID State Government Operations	8,041
Muskegon Correctional Facility - Muskegon	COVID State Government Operations	3,124
Newberry Correctional Facility - Newberry	COVID State Government Operations	20,840
Northern region administration and support	COVID State Government Operations	13,655
Oaks Correctional Facility - Eastlake	COVID State Government Operations	17,112
Offender success services	COVID State Government Operations	1,542

This exhibit continued on next page.

Corrections (continued)		
Parnall Correctional Facility - Jackson	COVID State Government Operations	9,066
Parole board operations	COVID State Government Operations	30
Prison food service	COVID State Government Operations	105,310
Richard A. Handlon Correctional Facility - Ionia	COVID State Government Operations	16,885
Saginaw Correctional Facility - Freeland	COVID State Government Operations	27,123
Southern region administration and support	COVID State Government Operations	4,391
St. Louis Correctional Facility - St. Louis	COVID State Government Operations	18,234
Thumb Correctional Facility - Lapeer	COVID State Government Operations	22,455
Transportation	COVID State Government Operations	4,492
Womens Huron Valley Correctional Complex - Ypsilanti	COVID State Government Operations	30,442
Woodland Correctional Facility - Whitmore Lake	COVID State Government Operations	14,133
Education		\$ 874,156,151
Accountability services operations	COVID State Government Operations	57
Adolescent and school health	COVID State Government Operations	4
Central support operations	COVID State Government Operations	6,045
Child care rate reduction stipend	COVID Business Assistance	11,554,315
Coronavirus public health emergency - federal - PA 67	COVID Local Support	334,484,710
	COVID Other	118
	COVID State Government Operations	19,387
Coronavirus relief fund - per pupil payments	COVID Local Support	505,956,987
District COVID-19 costs	COVID Local Support	17,999,987
Educational supports operations	COVID State Government Operations	1,474
Educator excellence operations	COVID State Government Operations	1,128
Grant and contract operations	COVID State Government Operations	368
Information technology services and projects	COVID State Government Operations	8,788
Library of Michigan operations	COVID Other	2,521
	COVID State Government Operations	9,237
Library services and technology program	COVID Other	15,774
	COVID State Government Operations	1,071
Low incidence outreach program	COVID State Government Operations	335
Mental health grants	COVID State Government Operations	25
Michigan eLibrary	COVID State Government Operations	1,176
Michigan schools for the deaf and blind operations	COVID Other	1,007
National school lunch	COVID Local Support	4,075,167
Office of great start operations	COVID State Government Operations	472
Office of systems, evaluation, and technology operations	COVID State Government Operations	255
Partnership district support operations	COVID State Government Operations	15
School support services operations	COVID State Government Operations	9,638
Special education operations	COVID State Government Operations	423
State board/superintendent operations	COVID State Government Operations	5,669
Environment, Great Lakes, and Energy		\$ 270,126
Central support services	COVID State Government Operations	557
Communications and community outreach	COVID Other	(174)
Contaminated site investigations, cleanup and revitalization	COVID State Government Operations	114
Facilities management	COVID State Government Operations	14,755
Hazardous waste management program	COVID State Government Operations	937
Information technology services and projects	COVID State Government Operations	20,500
Low-level radioactive waste authority	COVID State Government Operations	3
Mapping and other support	COVID Other	21,286
	COVID State Government Operations	8,189
Medical waste program	COVID State Government Operations	3
Municipal assistance	COVID State Government Operations	35
NPDES nonstormwater program	COVID State Government Operations	760
Oil, gas, and mineral services	COVID State Government Operations	3,963
Radiological protection program	COVID State Government Operations	23
Refined petroleum product cleanup program	COVID State Government Operations	170
Renew Michigan program	COVID Local Support	198,888
Scrap tire regulatory program	COVID State Government Operations	20
Solid waste management program	COVID State Government Operations	96
Gaming Control Board		\$ 36,593
Gaming control administration	COVID State Government Operations	36,044
Horse racing	COVID State Government Operations	165
Millionaire party regulation	COVID State Government Operations	384
Health and Human Services		\$ 473,859,907
Adult home help services	COVID Individual Assistance	15,746,789
Aging and adult services administration	COVID Individual Assistance	9,943
	COVID Local Support	682
	COVID Other	79,116
AIDS prevention, testing, and care programs	COVID Laboratory Testing	141
	COVID Other	759
	COVID State Government Operations	3,601

This exhibit continued on next page.

Health and Human Services (continued)

Behavioral health facility contingency	COVID Infection Control	(337,933)
	COVID Other	96,923
Behavioral health program administration	COVID Other	577
Bioterrorism preparedness	COVID Laboratory Testing	76,062
	COVID Monitoring	16,363
Bureau of community services and outreach	COVID Individual Assistance	2,226
	COVID Local Support	832
	COVID Other	9,806
Cancer prevention and control program	COVID State Government Operations	55
Caro Reg Mental Health Center or nearby health center	COVID Other	323
	COVID State Government Operations	1,291
Child welfare contractual services, supplies, and materials	COVID Infection Control	5,138
	COVID State Government Operations	6,363
Children's services administration	COVID State Government Operations	(7)
Chronic disease control and health promotion administration	COVID Contact Tracing	114
Community services and outreach administration	COVID Infection Control	1,623
	COVID Local Support	28,100
	COVID Other	7,477
Coronavirus public health emergency - federal - PA 67	COVID Contact Tracing	1,440,121
	COVID Individual Assistance	325,762,429
	COVID Infection Control	474,025
	COVID Laboratory Testing	13,301,609
	COVID Local Support	59,290,814
	COVID Monitoring	507,499
	COVID State Government Operations	11,037,156
Coronavirus public health emergency - health care capacity	COVID Local Support	14,800,000
COVID-19 direct care worker hazard pay adjustment	COVID Local Support	10,290,025
Crime victim grants administration services	COVID Local Support	(67)
	COVID Other	5,238
Demonstration projects	COVID Health Care Response	166,178
Dental programs	COVID Contact Tracing	961
Departmental administration and management	COVID Contact Tracing	56
	COVID Health Care Response	(3)
	COVID Individual Assistance	615
	COVID Laboratory Testing	(6)
	COVID Local Support	744
	COVID Monitoring	3,992
	COVID Other	160,034
	COVID State Government Operations	26,930
Diabetes and kidney program	COVID Contact Tracing	57
Disability determination operations	COVID Infection Control	146
Disaster assistance	COVID Health Care Response	7,737,591
	COVID Infection Control	4,785,789
	COVID Local Support	80,191
	COVID State Government Operations	22,589
Emergency medical services program	COVID Other	8,194
Epidemiology administration	COVID Contact Tracing	81,087
	COVID Infection Control	6,948
	COVID Laboratory Testing	3,650
	COVID Monitoring	13,251
	COVID Other	1,126
	COVID State Government Operations	5,787
Family preservation programs	COVID Monitoring	104
	COVID Other	92
Family, maternal, and child health administration	COVID Contact Tracing	1,345
	COVID Monitoring	1,586
	COVID Other	1,779
Field policy and administration	COVID Other	5,669
Field services contractual services, supplies, and materials	COVID Infection Control	309,221
	COVID Monitoring	723
	COVID Other	256
	COVID State Government Operations	3,698
Foster care payments	COVID Individual Assistance	37,044
Hawthorn Center - psych hospital - children and adolescents	COVID Other	5,195
	COVID State Government Operations	1,756
Health policy administration	COVID Health Care Response	1,761
	COVID Individual Assistance	9,626
Healthy homes program	COVID State Government Operations	332
Healthy Michigan plan	COVID Individual Assistance	373,225
Healthy Michigan plan administration	COVID Other	217,386
	COVID State Government Operations	778
Hepatitis A outbreak response	COVID Laboratory Testing	26,633
Immunization program	COVID Contact Tracing	3,796
Information technology contingency	COVID State Government Operations	19,992
Inpatient behavioral health grants	COVID Local Support	5,100,000
Juvenile justice, administration and maintenance	COVID State Government Operations	275

This exhibit continued on next page.

Health and Human Services (continued)		
Laboratory services	COVID Laboratory Testing	12,459
	COVID Monitoring	55
Local health services	COVID Local Support	1,740,597
	COVID Monitoring	313
	COVID State Government Operations	18,003
Medical services administration	COVID Other	62,393
	COVID State Government Operations	7,780
Newborn screening follow-up and treatment services	COVID Other	2,028
PFAS and environmental contamination response	COVID Health Care Response	7,272
	COVID Infection Control	2,038
Prenatal care outreach and service delivery support	COVID Contact Tracing	1,022
Primary care services	COVID Individual Assistance	4,153
	COVID Other	4,459
Public assistance field staff	COVID Individual Assistance	(2)
	COVID Local Support	783
	COVID Other	54,341
Public health administration	COVID Individual Assistance	3,837
	COVID Other	2,910
Sexually transmitted disease control program	COVID Other	1,630
Shawono center	COVID Infection Control	7,312
Vital records and health statistics	COVID Contact Tracing	110
Walter P. Reuther Psychiatric Hospital - adult	COVID Other	33,024
Insurance and Financial Service		\$ 23,697
Consumer services and protection	COVID State Government Operations	7,669
Department services	COVID State Government Operations	4,691
Financial institutions evaluation	COVID State Government Operations	1,957
Insurance evaluation	COVID State Government Operations	9,380
Judiciary		\$ 106,422
Appellate public defender program	COVID State Government Operations	14,061
Branchwide appropriations	COVID State Government Operations	6,481
Compliance with Montgomery v Louisiana decision	COVID State Government Operations	24
Court of appeals operations	COVID Monitoring	19
	COVID State Government Operations	18,418
Judicial information systems	COVID State Government Operations	64,260
Judicial institute	COVID State Government Operations	16
Judicial tenure commission	COVID State Government Operations	47
State court administrative office	COVID State Government Operations	1,973
Supreme court administration	COVID State Government Operations	1,122
Labor and Economic Opportunity		\$ 15,587,234
Bureau of services for blind persons	COVID State Government Operations	1,688
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	145,680
Executive direction and operations	COVID State Government Operations	3,999
Information technology services and projects	COVID State Government Operations	1,235,100
Insurance funds administration	COVID State Government Operations	296
Michigan occupational safety and health administration	COVID State Government Operations	7,822
Michigan rehabilitation services	COVID State Government Operations	2,521
Office of global Michigan	COVID State Government Operations	92
Special project advances	COVID State Government Operations	15
Unemployment insurance agency	COVID Individual Assistance	7,263
	COVID Other	39,238
	COVID State Government Operations	14,103,667
Worker's disability compensation agency	COVID State Government Operations	14
Workforce program administration	COVID State Government Operations	39,839
Licensing and Regulatory Affairs		\$ 863,207
Administrative services	COVID State Government Operations	38,779
Adult foster care and camps licensing and regulation	COVID State Government Operations	9,806
Bureau of community and health systems	COVID State Government Operations	27
Bureau of community and health systems administration	COVID State Government Operations	21,848
Bureau of construction codes	COVID State Government Operations	28,615
Bureau of fire services	COVID State Government Operations	312,741
Bureau of professional licensing	COVID State Government Operations	29,310
Childcare licensing and regulation	COVID State Government Operations	5,651
Corporations, securities, and commercial licensing bureau	COVID State Government Operations	17,276
Executive director programs	COVID State Government Operations	2,932
FOIA coordination	COVID State Government Operations	58
Health facilities regulation	COVID State Government Operations	13,563
Liquor licensing and enforcement	COVID State Government Operations	20,212
Management support services	COVID State Government Operations	8,128
Medical marihuana facilities licensing and tracking	COVID State Government Operations	4,901
Medical marihuana program	COVID State Government Operations	2,679
Michigan indigent defense commission	COVID State Government Operations	1,773
Michigan office of administrative hearings and rules	COVID State Government Operations	284,291

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Licensing and Regulatory Affairs (continued)		
Nurse aide program	COVID State Government Operations	60
Nursing facility infection control surveys	COVID State Government Operations	10,148
Public service commission	COVID State Government Operations	48,961
Recreational marihuana regulation	COVID State Government Operations	1,448
Lottery		\$ 50,801
Lottery operations	COVID Other	31,967
	COVID State Government Operations	18,833
Michigan Economic Development Corporation		\$ 6,486,359
Unappropriated - no control ¹	COVID Business Assistance	5,861,359
	COVID Other	625,000
Michigan State Housing Development Authority		\$ 5,481,065
Housing and rental assistance	COVID State Government Operations	84,111
Michigan State Housing Development Authority tech services and projects	COVID State Government Operations	7,700
Rental assistance	COVID Other	5,389,254
Michigan Strategic Fund		\$ 134,749,561
Business attraction and community revitalization	COVID Business Assistance	6,968,677
Coronavirus public health emergency - federal - PA 67	COVID Business Assistance	502,400
Entrepreneurship eco-system	COVID Business Assistance	400,055
GF/GP trans to business attraction and comm revitalization	COVID Business Assistance	3,031,323
Job creation services	COVID Local Support	3,339
Job creation services (interlocal)	COVID Business Assistance	4,800
Jobs for Michigan investment program	COVID Business Assistance	9,496,966
	COVID Other	50,000
Small business restart grants	COVID Business Assistance	114,292,000
Military and Veterans Affairs		\$ 3,849,938
Board of managers (veterans homes)	COVID State Government Operations	10,579
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	1,875,783
County veteran service fund	COVID Individual Assistance	94,326
D.J. Jacobetti home for veterans	COVID State Government Operations	276,885
Disaster assistance	COVID State Government Operations	864,665
Grand Rapids veterans home operations	COVID State Government Operations	319,423
Grand Rapids veterans home salaries, wages, and fringes	COVID State Government Operations	71,073
Headquarters and armories	COVID State Government Operations	4,045
Michigan veterans affairs agency administration	COVID State Government Operations	291,766
Michigan veterans facility authority	COVID State Government Operations	3,770
Michigan veterans trust fund administration	COVID State Government Operations	174
Michigan youth challenge academy	COVID State Government Operations	15,660
Military training sites and support facilities	COVID State Government Operations	1,446
National guard operations	COVID State Government Operations	20,344
Natural Resources		\$ 2,048,259
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	1,426,921
Disaster assistance	COVID Health Care Response	211,496
	COVID State Government Operations	212,144
Finance and operations	COVID State Government Operations	5,986
Fish production	COVID State Government Operations	240
Fisheries resource management	COVID State Government Operations	608
Forest management and timber market development	COVID Health Care Response	10,290
	COVID State Government Operations	1,060
Forest recreation and trails	COVID State Government Operations	2,421
General law enforcement	COVID State Government Operations	4,668
Gifts and pass-through transactions	COVID State Government Operations	43
Great Lakes restoration initiative - DNR	COVID State Government Operations	(42)
MacMullan conference center	COVID State Government Operations	750
Marketing and outreach	COVID State Government Operations	6,496
Michigan historical center	COVID State Government Operations	5,106
Minerals management	COVID State Government Operations	196
Recreational boating	COVID State Government Operations	9,881
State parks	COVID State Government Operations	149,517
Unclassified salaries	COVID State Government Operations	417
Wildfire protection	COVID State Government Operations	60
State		\$ 5,521,797
Absentee voter counting board tabulators	COVID Other	18,930
Automatic voter reg and no-reason absentee voting implement	COVID Other	42,278
Branch operations	COVID State Government Operations	104,974
Central operations	COVID State Government Operations	8,939
Coronavirus public health emergency - federal - PA 67	COVID Other	4,328,566
Department services operations	COVID State Government Operations	115,850
Education and training services	COVID Other	698,020

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State (continued)		
Election administration and services	COVID Other	25,879
	COVID State Government Operations	1,109
Executive direction	COVID State Government Operations	456
Legal services operations	COVID Other	175,192
	COVID State Government Operations	1,556
Motorcycle safety education administration	COVID State Government Operations	51
State Land Bank Authority		\$ 455
State land bank authority	COVID State Government Operations	455
State Police		\$ 238,555,643
Commercial vehicle enforcement	COVID State Government Operations	13,826
Coronavirus public health emergency - federal - PA 67	COVID Other	2,739
	COVID State Government Operations	95,304,551
Coronavirus public health emergency - private	COVID Other	5,625
Department services	COVID State Government Operations	58,335
Disaster assistance	COVID MSP Receive and Expend Expenditure Credits ²	124,604,817
	COVID State Government Operations	17,184,830
Emergency management and homeland security	COVID State Government Operations	1,150,526
Forensic science	COVID State Government Operations	3,090
Intelligence operations	COVID State Government Operations	8,059
Post operations	COVID State Government Operations	102,360
Special operations	COVID State Government Operations	2,291
Training	COVID State Government Operations	18,406
Trooper school	COVID State Government Operations	96,187
Technology, Management, and Budget		\$ 155,474,043
Coronavirus public health emergency - federal - PA 67	COVID State Government Operations	85,370
Disaster assistance	COVID Health Care Response	273,564,380
	COVID MSP Receive and Expend Expenditure Credits	(124,604,817)
	COVID Other	6,266,245
	COVID State Government Operations	3,482
Unappropriated - no control ¹	COVID State Government Operations	159,382
Transportation		\$ 82,324,896
Blue Water Bridge operations	COVID State Government Operations	16,959
Business services	COVID State Government Operations	5,527
Coronavirus public health emergency - federal - PA 67	COVID Local Support	81,922,994
	COVID State Government Operations	3,263
Finance, contracts, and support services	COVID State Government Operations	87
Information technology services and projects	COVID State Government Operations	152,341
MDOT - state trunkline federal aid and road-bridge constr	COVID Other	342
	COVID State Government Operations	8,252
Planning services	COVID State Government Operations	1,252
Program development and delivery	COVID Other	116
	COVID State Government Operations	57,808
State trunkline operations	COVID Other	5,517
	COVID State Government Operations	127,545
System operations management	COVID Other	115
	COVID State Government Operations	22,778
Treasury		\$ 150,052,408
City income tax administration program	COVID State Government Operations	154
Collections services bureau	COVID State Government Operations	9,071
Common cash and debt management	COVID State Government Operations	155
Coronavirus relief local government grants	COVID Local Support	150,000,000
Department services	COVID Other	30
	COVID State Government Operations	23,583
Executive direction and operations	COVID State Government Operations	612
Investments	COVID State Government Operations	393
Local finance	COVID State Government Operations	195
Michigan finance authority - bond finance	COVID State Government Operations	1,748
Office of financial services	COVID State Government Operations	773
Office of revenue and tax analysis	COVID State Government Operations	1,473
Property tax assessor training	COVID State Government Operations	25
Student financial assistance programs	COVID State Government Operations	687
Supervision of the general property tax law	COVID State Government Operations	3,937
Tax and economic policy	COVID State Government Operations	1,087
Tax compliance	COVID State Government Operations	5,432
Tax processing	COVID Other	85
	COVID State Government Operations	2,531
Tobacco tax enforcement	COVID State Government Operations	5
Unappropriated - excess revenue	COVID State Government Operations	225
Unclaimed property	COVID State Government Operations	209

This exhibit continued on next page.

Universities		\$	163,726,600
Coronavirus relief fund - operational share	COVID Local Support		163,726,600
Total COVID-19 Expenditures		\$	<u>2,736,181,572</u>

¹Unappropriated - 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 August 31, 2020

<u>Department</u>	<u>Business Assistance</u>	<u>Contact Tracing</u>	<u>Health Care Response</u>	<u>Individual Assistance</u>	<u>Infection Control</u>
Agriculture and Rural Development	\$	\$	\$	\$	\$
Attorney General					
Civil Service Commission					
Community Colleges					
Corrections					
Education	11,554,315				
Environment, Great Lakes, and Energy					
Gaming Control Board					
Health and Human Services		1,528,668	7,912,799	341,949,888	5,254,305
Insurance and Financial Services					
Judiciary					
Labor and Economic Opportunity				7,263	
Licensing and Regulatory Affairs					
Lottery					
Michigan Economic Development Corporation	5,861,359				
Michigan State Housing Development Authority					
Michigan Strategic Fund	134,696,221				
Military and Veterans Affairs				94,326	
Natural Resources			221,786		
State					
State Land Bank Authority					
State Police					
Technology, Management, and Budget			273,564,380		
Transportation					
Treasury					
Universities					
Total	<u>\$ 152,111,895</u>	<u>\$ 1,528,668</u>	<u>\$ 281,698,964</u>	<u>\$ 342,051,477</u>	<u>\$ 5,254,305</u>

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COVID-19 EXPENDITURES
State of Michigan

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

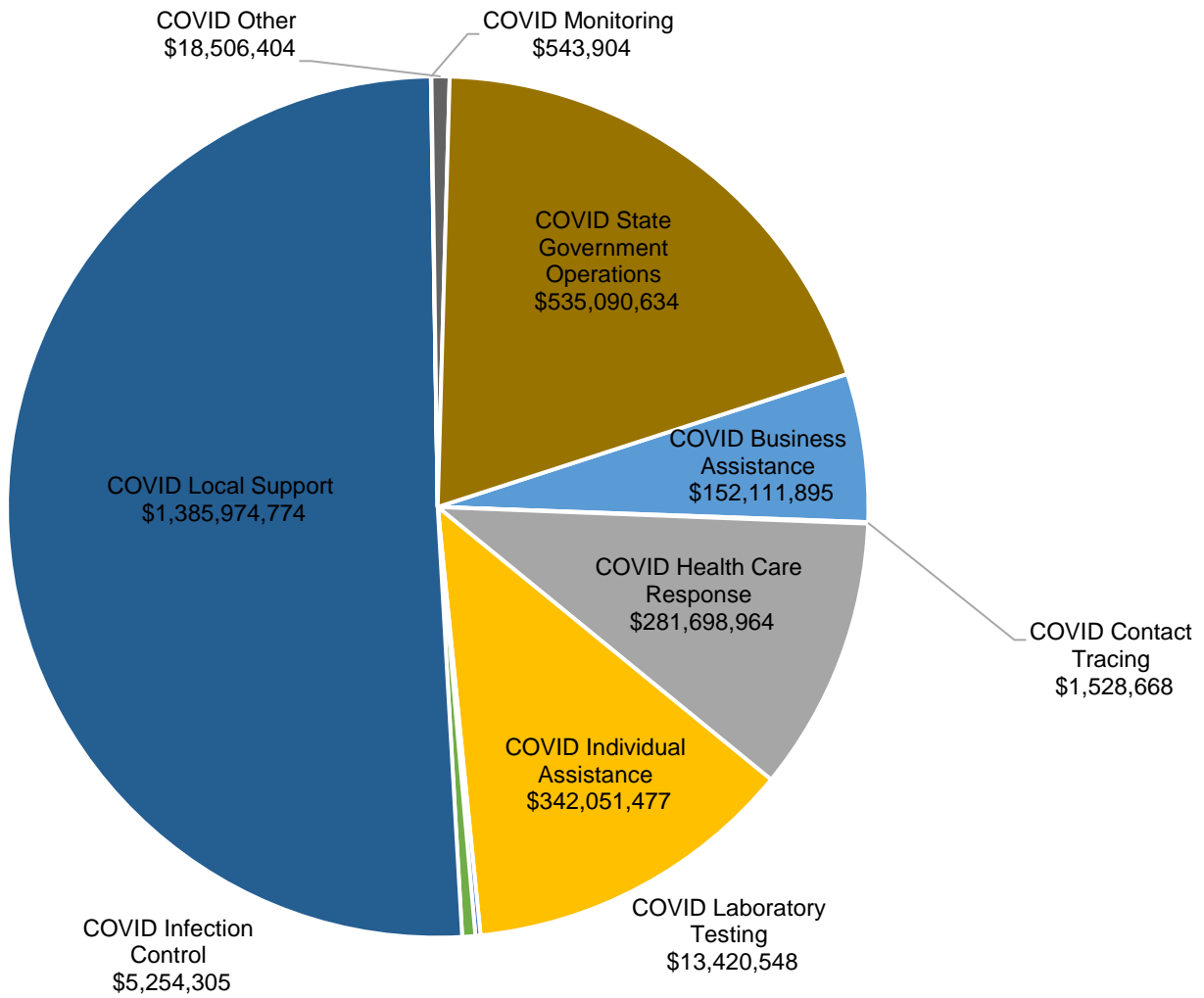
Laboratory Testing	Local Support	Monitoring	MSP Receive and Expenditure Credits ¹	Other	State Government Operations	Total
\$	\$	\$	\$	\$	\$	\$
					256,551	256,551
					82,461	82,461
					20,576	20,576
	36,273,400					36,273,400
					386,323,425	386,323,425
	862,516,850			19,420	65,566	874,156,151
	198,888			21,112	50,126	270,126
					36,593	36,593
13,420,548	91,332,702	543,885		760,734	11,156,379	473,859,907
					23,697	23,697
		19			106,402	106,422
				39,238	15,540,734	15,587,234
					863,207	863,207
				31,967	18,833	50,801
				625,000		6,486,359
				5,389,254	91,811	5,481,065
	3,339			50,000		134,749,561
					3,755,611	3,849,938
					1,826,473	2,048,259
				5,288,864	232,933	5,521,797
					455	455
			124,604,817	8,364	113,942,462	238,555,643
			(124,604,817)	6,266,245	248,234	155,474,043
	81,922,994			6,090	395,811	82,324,896
	150,000,000			114	52,293	150,052,408
	163,726,600					163,726,600
<u>\$ 13,420,548</u>	<u>\$ 1,385,974,774</u>	<u>\$ 543,904</u>	<u>\$ 0</u>	<u>\$ 18,506,404</u>	<u>\$ 535,090,634</u>	<u>\$ 2,736,181,572</u>

¹MSP Receive & 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 August 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 \$1 Million or Greater
From March 10, 2020 Through August 31, 2020

Vendor Name	Amounts Paid	Types of Activities
Aetheris ¹	\$ 1,190,000	PPE
Akervall Technologies Inc.	1,222,100	PPE
American Middle Eastern Medical Solutions, LLC	1,449,000	PPE
Ann Arbor Spark	9,445,455	Financial Assistance - Deliver/Admin Grants
Area Agency on Aging 1-B	4,483,684	Elderly Covid Support Services
Association for Child Development	1,254,979	Medicaid Payments
Bay Mills Community College	8,288,445	CRF/Small Business Assistance
Bio-Reference Laboratories Inc.	1,353,000	Covid Testing
Blackpoint Distribution, LLC	25,900,400	PPE
Boco Enterprises	8,774,600	Hospital expansion - Suburban Showplace
Bow-Boeck Enterprises, LLC	5,000,000	PPE
Brogan & Partners Advertising Consultancy Inc.	4,462,666	Media campaign for outreach and education to the public
Carelinc Medical Equipment & Supply Co., LLC	4,389,714	Hospital beds/PPE
Central Michigan University	9,924,971	CRF/Small Business Assistance
Conduent State & Local Solutions Inc.	298,616,536	SNAP Payments- Disaster Relief (Food Assistance)
Connect6 Group Inc.	4,780,260	PPE
Coulmed Products Group, LLC	1,157,700	Ventilators
Covenant Medical Center Inc.	1,309,989	Child Care Tuition and Hospital Assistance
Detroit Area Agency on Aging	1,149,658	Aging Contract Payment
Detroit Economic Growth Association	15,545,450	Small Business Grants
Detroit Eeconomic Growth Corporation	1,600,000	Financial Assistance - Deliver/Admin Grants
Detroit Regional Convention Facility Authority	6,818,771	TCF Center - Temporary Hospital
Detroit Wayne Integrated Health Network	1,171,776	Grant to County Mental Health Authority
Dultimate, LLC ²	5,490,000	PPE
Eastern Michigan University	1,415,400	CRF/Small Business Assistance
Elegance USA Inc.	2,190,000	PPE
Fastbeds	1,954,753	Hospital Beds
Fenton Development Group	1,041,760	Child Care and Admin Expenses
Ferris State University	3,311,964	CRF/Small Business Assistance
Flint and Genesee Chamber Foundation	8,895,455	Financial Assistance - Deliver/Admin Grants
Food Bank Council of Michigan	8,320,256	Food cost and transportation
Forgotten Harvest Inc.	1,278,513	Child nutrition program meal reimbursements
GDI Services Inc.	1,500,000	PPE
Gleaners Community Food Bank	3,107,961	Child nutrition program meal reimbursements
Grand Valley State University	12,289,461	CRF/Small Business Assistance
Gulf Coast Pharmaceutical	1,895,425	Pharmaceuticals
Henry Ford Health System	1,820,663	Payment to hospital - Health care capacity
Holt Sales and Service	1,954,753	Hospital Beds
Home Depot USA Inc.	6,080,692	PPE
Hype Labs, LLC	5,500,000	PPE
In Aunt Flow, LLC	1,902,864	PPE
Invest Detroit Foundation	2,500,000	Small Business Loans
Invest Up	5,045,455	Financial Assistance - Deliver/Admin Grants
Islamic Center of Detroit	6,513,819	Meals and Admin Expenses
J & B Medical Supply Inc.	2,493,961	PPE
Jarvis Painting Inc.	1,118,456	Cleaning Services
Kautzman Alliance, LLC	1,131,900	PPE
Keys Grace Academy	2,820,828	Child nutrition program meal reimbursements
Lake Superior State University	3,144,343	CRF/Small Business Assistance
Lakeshore Advantage Corporation	3,800,000	Grant for Covid Expenses
Lansing Economic Area Partnership Inc.	6,145,455	Financial Assistance - Deliver/Admin Grants
Laurel & Mulholland	1,610,300	PPE
Magna Electronics Technologies Inc.	4,870,500	PPE
Medefis Inc.	6,129,969	Medical Staffing
Medical Choice RX, LLC	12,394,000	PPE
Meijer Inc.	6,298,803	Food
Michigan Primary Care Association	2,571,681	Testing sites
Michigan Public Health Institute	1,732,182	Medical Staffing
Mid Michigan Child Care Centers Inc.	1,201,646	Medicaid Payments
Middle Michigan Development Corporation	3,748,000	Grant for Covid Expenses
Mid-State Health Network	1,099,203	Medicaid Payments
Midway Dental Supply, LLC	16,911,856	PPE and sanitizing wipes
Nai Yang Lin	1,039,800	PPE
Northern Michigan University	1,527,764	CRF/Small Business Assistance
Northwest Michigan Council of Governments	5,045,455	Financial Assistance - Deliver/Admin Grants
NxGen MDx, LLC	1,911,540	Testing

This exhibit continued on next page.

Vendor Name	Amounts Paid	Types of Activities
Oakland University	\$ 1,684,014	CRF/Small Business Assistance
Oakwood Healthcare Inc.	1,664,475	Payment to hospital - Health care capacity
Otsego County Economic Alliance Inc.	3,700,000	Grant for Covid Expenses
Protiviti Government Services	5,806,778	UIA Staffing
RACM, LLC ³	22,694,156	Cleaning services
RPB Safety	1,450,000	PPE
Saginaw Future Inc.	3,945,455	Grant for Covid Expenses
Saginaw Valley State University	3,836,357	CRF/Small Business Assistance
Sandra Campbell ²	4,899,000	PPE - wire recall due to fraud
SDL Medical, LLC	1,325,000	PPE
Southwest Michigan First	8,345,455	Financial Assistance - Deliver/Admin Grants
SpecBid Holdings Inc.	42,488,663	PPE
Spectrum Health System	15,277,242	Hospital Patient Assistance Cell phones, Hand Sanitizer, Office Supplies, Portable Toilets, PPE, Sanitizing Cleaning Supplies, Telecommuting Supplies, and Technical Services.
Staples Contract & Commercial Inc.	4,456,054	Medical equipment
Stryker Sales Corporation	2,600,844	PPE
Sumec International Technology ¹	8,000,000	PPE
Superior Business Forms Inc.	29,731,020	PPE
Target Alpena Development Corporation	3,700,000	Grant for Covid Expenses
Team 84, LLC	15,258,610	PPE
The Regents of the University of Michigan	1,650,091	Payment to hospital - Health care capacity
The Right Place Inc.	10,545,455	Financial Assistance - Deliver/Admin Grants
Troy Design & Manufacturing, LLC	12,800,000	PPE
UPCAP Services Inc.	1,093,810	Aging Contract Payment
Wayne Metropolitan Community Action Agency	7,986,056	Staffing and monetary assistance
William Beaumont Hospital	2,596,453	Payment to hospital - Health care capacity
WPCP Distributors LLC ¹	2,661,269	Ventilators
YMCA of Metropolitan Detroit	1,109,828	CCRF
Local Units - Consolidated	3,033,712	Financial Assistance
Schools - Consolidated	7,330,727	CRF/Child Nutrition Program Meal Reimbursements
Total	\$ 823,716,513	

¹ Payments were recalled and funds returned to SOM.

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

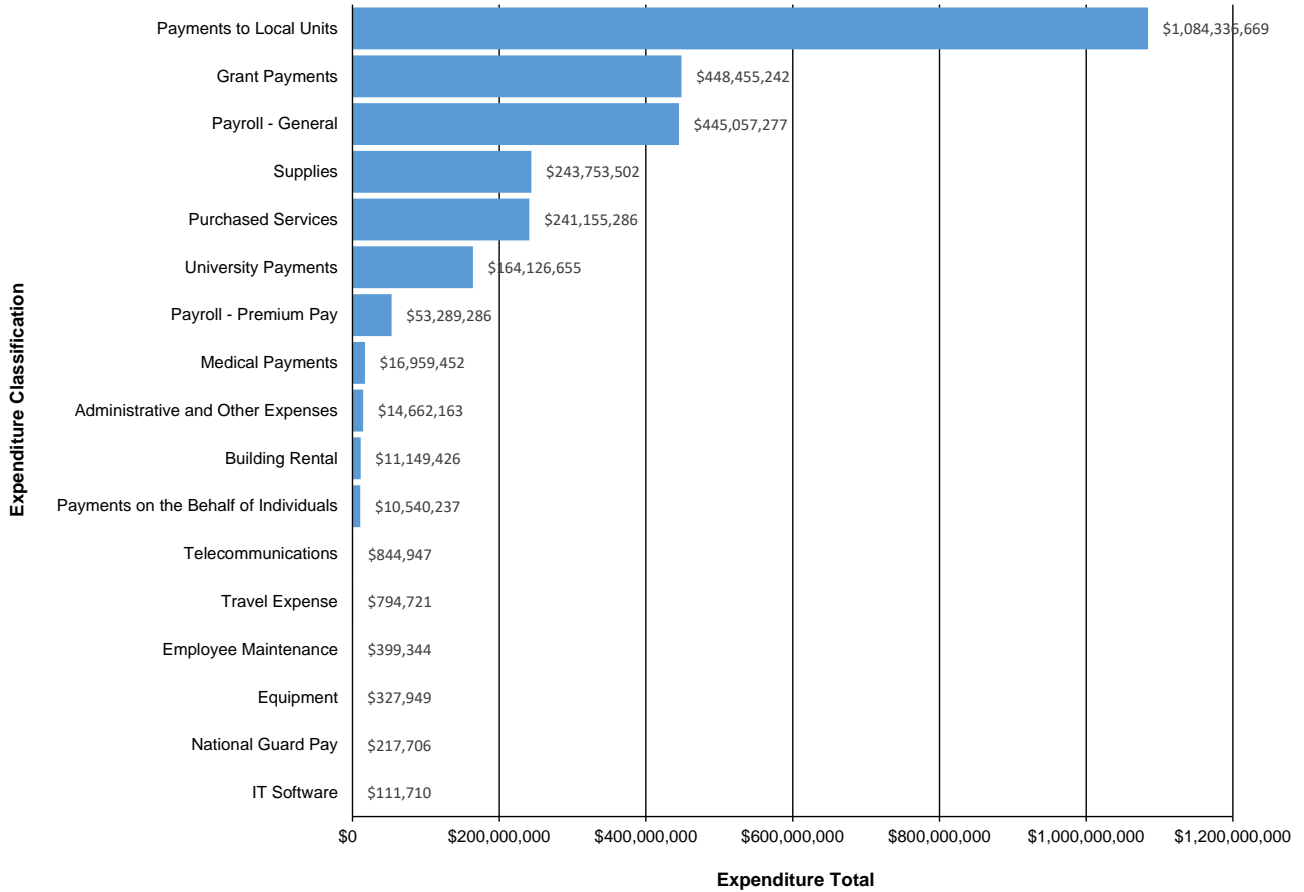
³ Includes \$5,271,392 paid in error.

Note: This exhibit identifies vendors who received initial payments totaling \$1 million or more generally based on the use of a unique vendor ID in SIGMA. Local units and schools totaling \$1 million or more individually were consolidated for reporting purposes. 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 August 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 the Michigan Department of Health and Human Services identified the first two presumptive positive cases of the COVID-19 respiratory illness. The Legislature enacted Public Acts 66, 67, 123, 144, and 146 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 August 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 August 31, 2020. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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 649 sample expenditures were appropriate and serve as the basis for our conclusion to the first audit objective. In addition, there are 7 sample items 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.

As part of the audit, we considered the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined that all components were significant.

PERIOD

Our audit procedures, which included audit planning, audit fieldwork, report preparation, and quality assurance, generally covered March 10, 2020 through August 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 COVID-19 Response Warehouse 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 July 7, 2020.

OBJECTIVE #1

To determine the appropriateness of State agencies' COVID-19 expenditures through August 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.

* See glossary at end of report for definition.

**AGENCY
RESPONSES**

Our audit report contains 2 findings and 3 corresponding recommendations. DTMB's preliminary response indicates that it agrees with 1 recommendation and disagrees with 2 recommendations.

The agency preliminary response that follows each 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.

**PRIOR AUDIT
FOLLOW-UP**

Following is the status of the reported findings from our September 2020 performance audit of the COVID-19 Expenditures, State of Michigan (000-2000-20B):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Timely processing of pandemic Supplemental Nutrition Assistance Program (SNAP) benefit payments.	Complied	Not applicable

**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

auditor's comments to agency preliminary response	Comments that the OAG includes in an audit report to comply with <i>Government Auditing Standards</i> . Auditors are required to evaluate the validity of the audited entity's response when it is inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the response, they should explain in the report their reasons for disagreement.
CPS	Central Procurement Services.
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.
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.
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.

OIAS

Office of Internal Audit Services.

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.

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.



Report Fraud/Waste/Abuse

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