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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

September 1, 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 August 2021. Please refer to our website's [Work in Progress](#) for a complete listing of ongoing projects. We would be pleased to discuss with you any interests or areas of concern you have with any of our ongoing projects.

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

Department	Audit Title and Type	Project Number
	(Performance - per / Financial - fin / Follow-up - fol / Contracted - con / Single - sa / Review - rev / Investigative - inv)	
Licensing and Regulatory Affairs	Camp Licensing, Community and Health Systems Bureau - (per)	641-0453-22
State Budget Office	Flint Emergency Expenditures - (per)	000-2021-22
Technology, Management, and Budget	Software License Management - (per)	071-0527-22

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

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	Master System List - (per)	071-0530-21

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

Department	Audit Title and Type	Project Number
Labor and Economic Opportunity	Michigan Unemployment Insurance Agency Claims Processing - (per)	186-0319-21

Approved Objectives:

1. To assess the effectiveness of UIA's actions to establish federally compliant claimant eligibility criteria for the PUA program.
2. To assess the effectiveness of UIA's efforts to process UI claims in accordance with selected State and federal requirements during the COVID-19 pandemic.
3. To assess the effectiveness of UIA's communications with UI claimants during the COVID-19 pandemic.
4. To compile and provide information on UI claims processed by UIA during the COVID-19 pandemic and other relevant data.

Department	Audit Title and Type	Project Number
Legislature	Michigan Legislative Retirement System - (fin)	900-0140-22
Technology, Management, and Budget	Michigan State Employees' Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0151-22
	Michigan Public School Employees' Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0152-22
	Michigan Judges' Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0153-22
	Michigan State Police Retirement System Financial Statement Audit and Report on Internal Controls - (fin)	071-0154-22
	Michigan Military Retirement Plan Financial Statement Audit and Report on Internal Controls - (fin)	071-0158-22
	State of Michigan 401k Plan Financial Statement Audit and Report on Internal Controls - (fin)	071-0156-22
	State of Michigan 457 Plan Financial Statement Audit and Report on Internal Controls - (fin)	071-0157-22

Approved Objectives:

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

Department	Audit Title and Type	Project Number
State	Office of Investigative Services, Business Compliance and Regulation Division - (per)	231-0270-21

Approved Objectives:

1. To assess the effectiveness of the Division's efforts to license or certify selected automotive-related businesses and mechanics.
2. To assess the effectiveness of the Division's efforts to regulate automotive-related businesses and mechanics.
3. To assess the effectiveness of the Division's oversight of the driver education and skills testing programs.

Department	Audit Title and Type	Project Number
State Budget Office	Statewide Single Audit - (sa)	000-0100-22

Approved Objectives:

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

Department	Audit Title and Type	Project Number
Technology, Management, and Budget	IT Contract Change Notices - (per)	071-0509-20
	Monitoring of IT Contracts - (per)	071-0510-20

We have postponed the completion of the audits of IT Contract Change Notices and Monitoring of IT Contracts for 18 months to allow DTMB sufficient time to implement processes to comply with recently enacted Public Acts 174, 179, 180, and 181 of 2020.

Department	Audit Title and Type	Project Number
Treasury	State Building Authority - Financial Report for the Fiscal Year Ended September 30, 2021 - (con)	NA
	Michigan Finance Authority - Financial Report for the Fiscal Year Ended September 30, 2021 - (con)	NA

Approved Objectives:

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

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

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

Department	Audit Title and Type	Project Number	Estimated Audit Release Date
Licensing and Regulatory Affairs	Selected Activities Within the Bureau of Construction Codes - (per)	641-0240-20	October 2021
Health and Human Services	Adult Protective Services - (per)	431-2601-20	November 2021

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Technology, Management, and Budget	Michigan Public School Employees' Retirement System Schedules of Employer Pension and OPEB Allocations and Schedule of Collective Pension and OPEB Amounts - (rev)	071-0164-21	08/11/2021	0	0
State Police	Michigan Justice Training Fund - (fin)	551-0101-21	08/12/2021	0	0
Treasury	Offers in Compromise Program - (per)	271-0145-20	08/26/2021	0	2
Technology, Management, and Budget	Statewide Contracting Practices for Commodities and Professional Services - (per)	071-0142-19	08/27/2021	0	5

We report this information to you on a monthly basis, and we correspond with auditee management and staff regularly as our projects transition through the various stages referenced above.

Please contact me or Laura Hirst, Deputy Auditor General, at (517) 334-8050 if you have questions regarding this summary or wish to discuss specific audit projects.

Sincerely,



Doug Ringler
Auditor General

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