



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
ACTING DIRECTOR

September 28, 2021

Mr. Rick Lowe, Chief Internal Auditor  
Office of Internal Audit Services  
State Budget Office  
George W. Romney Building  
111 S. Capitol Avenue, 6<sup>th</sup> Floor  
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with State of Michigan, Financial Management Guide, Part VII, please see the attached summary of findings and associated corrective action plans to address recommendations contained in Andrews, Hoopers and Pavlik, PLC's (contract auditor) report on Unemployment Insurance Agency, Department of Labor and Economic Opportunity, Unemployment Administration Fund (Report No. 000-0100-20U) covering the audit period October 1, 2018 through September 30, 2019.

Should you have any questions regarding the attached information, please contact me directly at (517) 231-1720 or at [WilliamsA6@michigan.gov](mailto:WilliamsA6@michigan.gov).

Respectfully,

*Allen Williams*

Allen Williams  
LEO Chief Internal Control Officer

cc: Audit Distribution List

Unemployment Compensation Fund  
Unemployment Insurance Agency  
Michigan Department of Labor & Economic Opportunity  
Audit Period: October 1, 2018 through September 30, 2019.  
Final Responses and Corrective Action Plans

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Unemployment Administration Fund  
Unemployment Insurance Agency  
Michigan Department of Labor & Economic Opportunity  
Summary of Agency Responses to Recommendations  
Audit Period: October 1, 2018 through September 30, 2019.

- I. Audit recommendations the agency complied with:  
Finding 2019-001
  
- II. Audit recommendations the agency agrees with and will comply:  
*None.*
  
- III. Audit recommendations the agency disagrees with:  
*None.*

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**FINDING 2019-001**

*The Cash Management Improvement Act (CMIA) Agreement requires the Fund to request funds on a payroll cycle and the amount of funds requested shall be based on the amount of liabilities recorded for direct administrative costs since the last request for funds. The review noted the Fund was not in compliance with the CMIA due to several underdraws and overdraws.*

**Recommendation**

We recommend that the Fund ensure proper design and implementation of internal controls related to determination of draw amounts such that reimbursement requests are in accordance with the CMIA Agreement.

**Final Response / Corrective Action Plan Update**

The Agency has implemented a revised cash management procedure that improves the accuracy and timeliness of draws. The Federal Finance Manager now verifies the appropriateness and the notifies Michigan Department of Treasury of any deviations to the CMIA. The department considers this corrective action plan: **Complete.**