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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

January 3, 2022

Dear Governor Whitmer, Senators, and Representatives:

This letter provides information regarding the status of our audit projects that either began or transitioned into new audit phases during December 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 (Performance - per / Financial - fin / Follow-up - fol / Contracted - con / Single - sa / Review - rev / Investigative - inv) | Project Number |
|------------|--|----------------|
| None | | |

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

| Department | Audit Title and Type | Project Number |
|------------|----------------------|----------------|
| None | | |

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

| Department | Audit Title and Type | Project Number |
|--------------------------------|---------------------------------|----------------|
| Labor and Economic Opportunity | Michigan Strategic Fund - (fin) | 186-0401-22 |

Status Update:

The MSF implemented a new accounting standard that required it to recognize nine new discretely presented component units as part of its reporting entity. We intend to issue a disclaimer opinion on MSF's discretely presented component units opinion unit as a majority of these component units did not obtain an audit of their financial statements.

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 |
|------------------------------------|--|-----------------------|-------------------------------------|
| Technology, Management, and Budget | Michigan Judges' Retirement System, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2021 - (fin) | 071-0153-22 | February 2022 |
| Technology, Management, and Budget | State of Michigan 401K Plan, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2021 - (fin) | 071-0156-22 | February 2022 |
| Technology, Management, and Budget | State of Michigan 457 Plan, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2021 - (fin) | 071-0157-22 | February 2022 |
| Technology, Management, and Budget | Michigan Military Retirement Provisions, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2021 - (fin) | 071-0158-22 | February 2022 |
| Legislature | Michigan Legislative Retirement System, Opinion on Financial Statements and Internal Control Report, for the Fiscal Year Ended September 30, 2021 - (fin) | 900-0140-22 | February 2022 |
| Health and Human Services | Medicaid and Children's Health Insurance Program Client Eligibility Determinations - (per) | 391-0710-19 | February 2022 |
| Labor and Economic Opportunity | Personnel Management Processes During the COVID-19 Pandemic - (per) | 186-0310-21 | February 2022 |
| Transportation | Negotiation of Consultant Contracts - (per) | 591-0211-20 | February 2022 |

Audits Released

| Department | Audit Title and Type | Project Number | Date Released | Number of | |
|--------------------------------------|--|-----------------------|----------------------|----------------------------|------------------------------|
| | | | | Material Weaknesses | Reportable Conditions |
| Agriculture and Rural Development | Grain Dealers Program - (per) | 791-0240-21 | 12/21/2021 | 0 | 4 |
| Environment, Great Lakes, and Energy | Flint Water Service Line Replacement Expenditures - (per) | 761-3017-21 | 12/21/2021 | 0 | 0 |
| Treasury | Michigan Education Savings Program - Financial Report for the Fiscal Year Ended September 30, 2021 - (con) | NA | 12/21/2021 | NA | NA |
| Health and Human Services | Select Licensing and Monitoring Activities of Child Placing Agencies - (per) | 431-2780-16 | 12/22/2021 | 1 | 4 |
| Transportation | Mackinac Bridge Authority - Financial Report Fiscal Year Ended September 30, 2021 - (con) | NA | 12/30/2021 | NA | NA |

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

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

Sincerely,



Doug Ringler
Auditor General

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