



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
DIRECTOR

December 21, 2021

Mr. Rick Lowe, Chief Internal Auditor
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 S. Capitol Avenue, 6th 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 the Michigan Office of the Auditor General's (OAG) *Report on Internal Control, Compliance and Other Matters* for the Self-Insurers' Security Fund, Department of Labor and Economic Opportunity (Report No. 186-0101-21) covering the audit period January 1, 2020 through December 31, 2020.

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

Respectfully,

Allen Williams

Allen Williams
LEO Chief Internal Control Officer

c: Distribution List

Self-Insurers' Security Fund
Workers' Disability Compensation Agency
Michigan Department of Labor & Economic Opportunity
Summary of Agency Responses to Recommendations
Audit Period: January 1, 2020 through December 31, 2020

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Self-Insurers' Security Fund
Workers' Disability Compensation Agency
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- I. Audit recommendations the agency complied with:
None.

- II. Audit recommendations the agency agrees with and will comply:
Finding 1 – Estimated date of compliance is March 31, 2022.

- III. Audit recommendations the agency disagrees with:
None.

Self-Insurers' Security Fund
Workers' Disability Compensation Agency
Michigan Department of Labor & Economic Opportunity
Audit Period: January 1, 2020 through December 31, 2020
Final Responses and Corrective Action Plans

FINDING 1

The Department of Labor and Economic Opportunity (LEO), in conjunction with the Department of Licensing and Regulatory Affairs (LARA) should improve the Self-Insurers' Security Fund's (SISF's) financial reporting process to help ensure the complete and accurate preparation of its financial statements.

Although we issued an unmodified opinion on SISF's financial statements, our review of SISF's financial reporting process disclosed that LEO and LARA did not always efficiently prepare drafts of the financial statements and notes and ensure that they were complete and accurate. Ensuring complete procedures for the closing process would help improve LEO's and LARA's efficiency at preparing the financial statements, especially since statute requires the inclusion of calendar year financial statements in SISF's annual report by March 31 each year.

Recommendation

We recommend that LEO, in conjunction with LARA, improve SISF's financial reporting process.

Final Response / Corrective Action Plan Update

LEO and LARA will update current procedures to enhance the completeness and accuracy of the financial statements while decreasing the chance of potential errors in the future. As previously discussed, we acknowledge the need for continuous improvement, but realize that hurdles will continue to exist due to the short turnaround time associated with the statutory requirement to include the financial statements in the SISF annual reports issued March 31 each year.

Anticipated Completion Date: March 31, 2022.