



OAG

Office of the Auditor General

Report Summary

Report on Internal Control, Compliance, and Other Matters

State of Michigan Annual Comprehensive Financial Report (SOMACFR)

State Budget Office

Fiscal Year Ended September 30, 2021

Report Number:
071-0010-22

Released:
May 2022

Generally accepted government auditing standards require an auditor to report on internal control over financial reporting; compliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements; and other matters coming to the attention of the auditor during the completion of a financial audit. We are issuing this report in conjunction with our independent auditor's report on the SOMACFR dated March 18, 2022.

Findings Related to Internal Control, Compliance, and Other Matters	Material Weakness	Significant Deficiency	Agency Preliminary Response
Statewide Integrated Governmental Management Applications (SIGMA) Operations and Support, within the State Budget Office, should continue to improve internal control over the State's vendor file to help reduce the risk of fraudulent or improper payments (Finding 1).	X		Agree
Various State agencies did not sufficiently limit access to confidential information in SIGMA to only appropriate users (Finding 2).		X	Agree
The Department of Treasury (Treasury) should improve user access controls over two of its information systems to help prevent and detect inappropriate access and protect confidential information from unauthorized use, disclosure, modification, or destruction (Finding 3).		X	Agree
Various State agencies and the Office of Financial Management did not have sufficient internal control in place to monitor the existence and accuracy of the State's capital assets recorded in the SOMACFR (Finding 4).		X	Agree
Treasury should continue to enhance internal control to help prevent, or detect and correct, misstatements and help ensure the accuracy of tax accruals (Finding 5).		X	Agree

Findings Related to Internal Control, Compliance, and Other Matters (Continued)	Material Weakness	Significant Deficiency	Agency Preliminary Response
Various State agencies should improve the Michigan Cashiering and Receivable System (MiCARS) internal control to help ensure the completeness and accuracy of the <i>SOMACFR</i> . State agencies interfaced \$1.3 billion in transactions between MiCARS and SIGMA in fiscal year 2021 (<u>Finding 6</u>).		X	Agree
The Department of Labor and Economic Opportunity should improve interface controls over SIGMA to help ensure all data exchanged between SIGMA and other State information systems is processed completely, accurately, and timely (<u>Finding 7</u>).		X	Agree
The Michigan Department of Health and Human Services should enhance internal control to help prevent, or detect and correct, misstatements and help ensure the accuracy of Medicaid accruals and transactions (<u>Finding 8</u>).		X	Agree
Various State agencies did not have sufficient internal control to help ensure the accuracy of all accounting information recorded in the <i>SOMACFR</i> (<u>Finding 9</u>).		X	Agree
Various State agencies should continue to enhance their oversight of third party service organizations to help ensure the accuracy and integrity of all accounting information recorded in the <i>SOMACFR</i> (<u>Finding 10</u>).		X	Agree

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