

# Office of the Auditor General

Financial Audit Including Report on Internal Control, Compliance, and  
Other Matters

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## **Michigan Independent Citizens Redistricting Commission**

Six-Month Period Ended March 31, 2022 and  
Fiscal Year Ended September 30, 2021

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The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.



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Office of the Auditor General

## Report Summary

*Financial Audit Including Report on Internal  
Control, Compliance, and Other Matters  
Michigan Independent Citizens Redistricting  
Commission (MICRC)*

*Six-Month Period Ended March 31, 2022 and  
Fiscal Year Ended September 30, 2021*

**Report Number:**  
**900-0160-22**

**Released:**  
**August 2022**

Effective December 22, 2018, Article IV of the Michigan Constitution was amended and established an independent citizens redistricting commission for State Legislative and Congressional districts. Article IV, Section 6 of the Michigan Constitution empowers an independent commission of 13 citizens to adopt a redistricting plan for State Senate districts, State House of Representative districts, and Congressional districts for the 2022 election and beyond. We conducted this financial audit at the request of MICRC.

### Auditor's Report Issued

UNMODIFIED OPINION ☒

MODIFIED OPINION ☐

We issued an unmodified opinion on MICRC's financial schedule to reflect that it was fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

### Report on Internal Control, Compliance, and Other Matters

This report does not contain any findings.

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**Doug A. Ringler, CPA, CIA**  
Auditor General

**Laura J. Hirst, CPA**  
Deputy Auditor General





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Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

August 26, 2022

Mr. M.C. Rothhorn, Chair  
and  
Mr. Edward Woods III, Executive Director  
Michigan Independent Citizens Redistricting Commission  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Rothhorn and Mr. Woods:

This is our report on the financial audit including the report on internal control, compliance, and other matters of the Michigan Independent Citizens Redistricting Commission (MICRC) for the six-month period ended March 31, 2022 and fiscal year ended September 30, 2021. This financial audit was conducted at the request of MICRC.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler  
Auditor General

cc: Janice Vallette, Audit Liaison, MICRC Commissioner



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# INDEPENDENT AUDITOR'S REPORT



**Doug A. Ringler, CPA, CIA**  
Auditor General

Independent Auditor's Report on the Financial Schedule  
and Other Reporting Required by *Government Auditing Standards*

Mr. M.C. Rothhorn, Chair  
and  
Mr. Edward Woods III, Executive Director  
Michigan Independent Citizens Redistricting Commission  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Rothhorn and Mr. Woods:

**Report on the Audit of the Financial Schedule**

***Opinion***

We have audited the financial schedule of the Michigan Independent Citizens Redistricting Commission (MICRC) for the six-month period ended March 31, 2022 and fiscal year ended September 30, 2021 and the related notes to the financial schedule as listed in the table of contents.

In our opinion, the accompanying financial schedule referred to above presents fairly, in all material respects, the sources and disposition of authorizations of MICRC for the six-months ended March 31, 2022 and fiscal year ended September 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Schedule section of our report. We are required to be independent of MICRC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 1, the financial schedule presents only the sources and disposition of authorizations for MICRC and does not purport to, and does not, present fairly the complete financial presentation of the State of Michigan or its General Fund for the six-months ended March 31, 2022 and fiscal year ended September 30, 2021 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Schedule***

Management is responsible for the preparation and fair presentation of the financial schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial schedule that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the Financial Schedule***

Our objectives are to obtain reasonable assurance about whether the financial schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MICRC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial schedule.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on MICRC's financial schedule. The Schedule of Expenditures is presented for purposes of additional analysis and is not a required part of the financial schedule. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial schedule. The information has been subjected to the auditing procedures applied in the audit of the financial schedule and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial schedule or to the financial schedule itself, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures is fairly stated, in all material respects, in relation to the financial schedule as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2022, on our consideration of MICRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MICRC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MICRC's internal control over financial reporting and compliance.

Sincerely,



Doug Ringler  
Auditor General  
August 10, 2022



MICHIGAN INDEPENDENT CITIZENS  
REDISTRICTING COMMISSION  
FINANCIAL SCHEDULE

MICHIGAN INDEPENDENT CITIZENS REDISTRICTING COMMISSION

Schedule of Sources and Disposition of Authorizations

	Six-Months Ended March 31, 2022	Fiscal Year Ended September 30, 2021
<b>Sources of Authorizations</b>		
Legislative appropriations		
General Fund/general purpose	\$ 3,108,900	\$ 3,149,400
Total Sources of Authorizations	<u>\$ 3,108,900</u>	<u>\$ 3,149,400</u>
 <b>Disposition of Authorizations</b>		
Expenditures	\$ 2,835,735	\$ 3,149,379
Unexpended authorizations	273,165	0
Lapsed authorizations	0	21
Total Disposition of Authorizations	<u>\$ 3,108,900</u>	<u>\$ 3,149,400</u>

The accompanying notes are an integral part of the financial schedule.

## NOTES TO THE FINANCIAL SCHEDULE

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### Note 1

#### Summary of Significant Accounting Policies

a. Reporting Entity

Effective December 22, 2018, Article IV of the Michigan Constitution was amended and established an independent citizens redistricting commission for State Legislative and Congressional districts. Article IV, Section 6 of the Michigan Constitution empowers an independent commission of 13 citizens to adopt a redistricting plan for State Senate districts, State House of Representative districts, and Congressional districts for the 2022 election and beyond. Section 6 also provides that the Legislature shall appropriate funds sufficient to compensate the commissioners and to enable the commission to carry out its functions, operations, and activities and that the commission shall return all unexpended funds to the State treasury within six months of the conclusion of each fiscal year.

The accompanying financial schedule reports the sources and disposition of authorizations of the Michigan Independent Citizens Redistricting Commission (MICRC) for the six-months ended March 31, 2022 and fiscal year ended September 30, 2021. The financial transactions of MICRC are accounted for within the State's General Fund and are reported in the *State of Michigan Annual Comprehensive Financial Report (Annual Report)*.

These notes relate directly to MICRC. In addition, the *Annual Report* provides more extensive disclosures regarding the State's significant accounting policies, budgeting, and budgetary control.

b. Measurement Focus, Basis of Accounting, and Presentation

The accompanying financial schedule is presented using the current financial resources measurement focus and the modified accrual basis of accounting, as provided by accounting principles generally accepted in the United States of America. Under the modified accrual basis of accounting, expenditures generally are recorded when a liability is incurred.

The financial schedule presents only the sources and disposition of authorizations for MICRC. Accordingly, it does not purport to, and does not, constitute a complete financial presentation of the State of Michigan or its General Fund.

## Note 2

### Litigation

a. *Agee, Jr. et al. v Benson et al.*

Filed: March 23, 2022, U.S. District Court for the Western District of Michigan.

The lawsuit alleges MICRC violated Section 2 of the Voting Rights Act and the Equal Protection Clause of the Fourteenth Amendment to the U.S. Constitution in drawing new state House and Senate maps.

b. *Banerian, et al. v Benson et al.*

Filed: January 20, 2022, U.S. District Court for the Western District of Michigan.

The lawsuit alleges MICRC violated the "one person, one vote" principle and the Equal Protection Clause of the Fourteenth Amendment to the U.S. Constitution in drawing Michigan's Congressional maps. The Court dismissed the Equal Protection Clause part of this lawsuit on March 4, 2022.

## Note 3

### Subsequent Events

Effective July 14, 2022, Public Act 166 of 2022 provided MICRC with \$2.2 million in additional General Fund/general purpose authorization for the year ending September 30, 2022.



## SUPPLEMENTARY INFORMATION

MICHIGAN INDEPENDENT CITIZENS REDISTRICTING COMMISSION

Schedule of Expenditures

	<u>Six-Months Ended March 31, 2022</u>	<u>Fiscal Year Ended September 30, 2021</u>
Salaries		
Commissioners	\$ 377,639	\$ 724,491
Staff	178,432	310,070
Payroll taxes and processing fees	144,578	268,986
Travel (mileage, meals, and hotel)	80,213	129,963
Technology	5,352	32,175
Meetings (facilities, audio visual, and security)	160,720	352,044
Professional services		
Mapping and line drawing	446,540	802,088
Voting Rights Act legal counsel	91,574	117,962
Litigation counsel	847,425	0
Other legal counsel and services	283,762	0
Promotional and advertising	218,153	402,550
General administration	<u>1,347</u>	<u>9,050</u>
Total expenditures	<u><u>\$2,835,735</u></u>	<u><u>\$3,149,379</u></u>

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters

Mr. M.C. Rothhorn, Chair  
and  
Mr. Edward Woods III, Executive Director  
Michigan Independent Citizens Redistricting Commission  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Rothhorn and Mr. Woods:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial schedule of the Michigan Independent Citizens Redistricting Commission (MICRC) for the six-month period ended March 31, 2022 and fiscal year ended September 30, 2021 and the related notes to the financial schedule and have issued our report thereon dated August 10, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial schedule, we considered MICRC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial schedule, but not for the purpose of expressing an opinion on the effectiveness of MICRC's internal control. Accordingly, we do not express an opinion on the effectiveness of MICRC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial schedule will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MICRC's financial schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Doug Ringler  
Auditor General  
August 10, 2022

## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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<b>deficiency in internal control over financial reporting</b>	The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
<b>financial audit</b>	An audit that is designed to provide reasonable assurance about whether the financial schedule of an audited entity is presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
<b>GAAS</b>	auditing standards generally accepted in the United States of America.
<b>in-relation-to opinion</b>	An opinion expressed by the auditor on supplementary information based on auditing procedures applied in the audit of the financial schedule and certain additional procedures and considering materiality of the financial schedule as a whole.
<b>internal control</b>	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
<b>material misstatement</b>	A misstatement in the financial schedule that causes the schedule to not present fairly the financial position or the changes in financial position, and, where applicable, cash flows thereof, in accordance with the applicable financial reporting framework.
<b>MICRC</b>	Michigan Independent Citizens Redistricting Commission.
<b>modified opinion</b>	A qualified opinion, an adverse opinion, or a disclaimer of opinion.
<b>redistricting</b>	To revise legislative districts.
<b>unmodified opinion</b>	The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes that the financial schedule is presented fairly, in all material respects, in accordance with the applicable financial reporting framework.





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