

Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

Flint Emergency Expenditures
State of Michigan

November 2022

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.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Follow-Up Report

Flint Emergency Expenditures

State of Michigan

Report Number:
000-2021-21F

Released:
November 2022

We conducted this follow-up to determine whether the Michigan Department of Education and the Michigan Department of Health and Human Services had taken appropriate corrective measures in response to the four reportable conditions noted in our July 2021 audit report and to report updated State agencies' expenditures of the Flint declaration of emergency appropriations as of September 30, 2021.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
Finding 1 - Reportable condition Sufficient monitoring needed of school social worker funding. Agency agreed.	Not complied	Reportable condition still exists. See Finding 1 .	Agrees
Finding 2 - Reportable condition Oversight of the YMCA of Greater Flint grant for nutrition assistance was insufficient. Agency agreed.	Complied	Not applicable	
Finding 3 - Reportable condition Sufficient oversight of the Food Bank of Eastern Michigan's grant for nutrition assistance needed. Agency agreed.	Not complied	Reportable condition still exists. See Finding 3 .	Agrees
Finding 4 - Reportable condition Oversight of grant for school nurse funding was insufficient. Agency agreed.	Partially complied	Reportable condition still exists. See Finding 4 .	Agrees

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Doug A. Ringler, CPA, CIA
Auditor General

November 4, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
State Capitol Building
Lansing, Michigan

The Honorable Mary Whiteford, Chair
House Appropriations Committee
State Capitol Building
Lansing, Michigan

The Honorable Curtis Hertel, Jr., Min. Vice Chair
Senate Appropriations Committee
Connie B. Binsfeld Building
Lansing, Michigan

The Honorable Joe Tate, Min. Vice Chair
House Appropriations Committee
Anderson House Office Building
Lansing, Michigan

Dear Senators Stamas and Hertel and Representatives Whiteford and Tate:

This is our follow-up report on the four reportable conditions (Findings 1 through 4) and four corresponding recommendations reported in the performance audit of the Flint Emergency Expenditures, State of Michigan. That audit report was issued and distributed in July 2021. Additional copies are available on request or at audgen.michigan.gov.

The Michigan Department of Education and the Michigan Department of Health and Human Services provided the preliminary responses to the follow-up recommendations included in this report. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during our follow-up. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

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INTRODUCTION, PURPOSE OF FOLLOW-UP, AND DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the four reportable conditions* (Findings #1 through #4) and four corresponding recommendations reported in our performance audit* of the Flint Emergency Expenditures, State of Michigan, issued in July 2021.

PURPOSE OF FOLLOW-UP

To determine whether the Michigan Department of Education (MDE) and Michigan Department of Health and Human Services (MDHHS) had taken appropriate corrective measures to address our corresponding recommendations and to report updated State agencies' expenditures of the Flint declaration of emergency appropriations as of September 30, 2021.

DESCRIPTION

On January 5, 2016, former Governor Rick Snyder declared a state of emergency for Genesee County (referred to as the Flint declaration of emergency) due to ongoing health and safety issues caused by elevated lead levels in the City of Flint's drinking water. The state of emergency expired August 14, 2016.

The Legislature enacted numerous appropriations to address this situation, both as supplemental appropriations to and transfers within the fiscal year 2016, 2017, and 2018 budget and spending authorizations provided in the fiscal year 2017, 2018, 2019, 2020, and 2021 budgets. As of September 30, 2021, the end of the audit period for this report, 10 State departments had received appropriations totaling \$371.2 million (Exhibit 11).

Public Act 3 of 2016 requires the Office of the Auditor General to audit the use of the funds appropriated for this emergency and report at a minimum of every six months until the funds are expended. The report issued in July 2021 was our eleventh and final report on the expenditure of these funds.

* See glossary at end of report for definition.

PRIOR AUDIT FINDINGS AND RECOMMENDATIONS; AGENCY PLAN TO COMPLY; AND FOLLOW-UP CONCLUSIONS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

FINDING 1

Audit Finding Classification: Reportable condition.

Summary of the July 2021 Finding:

MDE did not sufficiently monitor the Flint Community Schools' (FCS's) use of school social worker funding. MDE provided Flint declaration of emergency appropriations totaling \$7,430,000 over four years to FCS. We noted during our review of 45 randomly and judgmentally selected grant expenditures:

- a. MDE was unable to provide detailed documentation for 9 (20%) payroll expenditures totaling \$1,057,500.
- b. FCS categorized \$316,371 of the school social worker funding to miscellaneous supplies and materials that were not allowable.

We reviewed 6 (13%) supplies and materials expenditures that identified student laptops, sporting events, picture frames, and other miscellaneous purchases totaling \$26,935 that were not allowable.

Recommendation Reported in July 2021:

We recommended that MDE sufficiently monitor FCS's use of school social worker funding for the Flint declaration of emergency.

AGENCY PLAN TO COMPLY*

MDE indicated that:

MDE has met with current management at FCS to improve the retention of detailed supporting documentation. MDE will continue to improve current monitoring controls, including retaining requested supporting documentation, such as general ledgers and invoices, on a regular basis to ensure the funds are used for social workers and associated program costs. MDE will establish a grant agreement for fiscal year 2022 for appropriations related to the Flint declaration of emergency with detailed cost allowability requirements, including social worker appropriations that are currently granted to FCS.

FOLLOW-UP CONCLUSION

Not complied. A reportable condition still exists.

Our follow-up noted:

- For fiscal year 2022, MDE entered a new grant agreement with FCS (from Public Act 48 of 2021) for \$1,463,629.

** See glossary at end of report for definition.*

MDE reduced the original \$1,780,000 allocation by \$316,371 for the improper grant charges noted in our prior audit. MDE took no further action for over \$1 million in unsupported expenditures reported in the prior finding.

- The fiscal year 2022 grant agreement added a requirement for FCS to submit monthly expenditure reports to MDE. Monthly expenditure reports must now be approved by MDE prior to reimbursement to FCS. Previously, MDE did not have grant agreements with FCS. As of June 2022, MDE had not reimbursed FCS for any fiscal year 2022 grant activity.
- Previously disbursed Flint declaration of emergency grants are still subject to MDE oversight. MDE disbursed \$1,730,000 in school social worker funding (from Public Act 165 of 2020) to FCS from December 2020 through August 2021. MDE did not request supporting documentation for expenditures until May 2022. MDE had not obtained any additional support or monthly expenditure reports from FCS during our follow-up audit period.

**FOLLOW-UP
RECOMMENDATION**

We again recommend that MDE sufficiently monitor FCS's use of school social worker funding for the Flint declaration of emergency.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

MDE provided us with the following response:

MDE agrees with the finding. MDE has established a grant agreement for fiscal year 2022 for appropriations related to the Flint Declaration of Emergency with detailed cost allowability requirements, including the social worker appropriations that are currently granted to FCS. The fiscal year 2022 grant agreement includes requests for reimbursement before funds are distributed. MDE will continue to improve current monitoring controls over both fiscal year 2021 and 2022 grants, including monthly reporting requests, sampling expenditures, and requesting supporting documentation for expenditures, such as general ledgers and invoices to ensure the funds are used to employ social workers, classroom aides, and school nurses. MDE has requested reporting for fiscal year 2021 grant funds but has not received supporting documentation from FCS. MDE has not received any requests for reimbursement for fiscal year 2022 funds. As such, MDE has not reimbursed any fiscal year 2022 funding at this time.

FINDING 2

Audit Finding Classification: Reportable condition.

Summary of the July 2021 Finding:

MDE did not provide sufficient oversight of the YMCA of Greater Flint (Flint YMCA) grant for nutrition assistance to Flint residents. MDE granted \$3.4 million to Flint YMCA (from Public Act 268 of 2016) to expand the Flint Fresh mobile market and create a food space for producers to sell fresh produce supporting healthy food initiatives for Flint residents.

We reviewed 393 individual reimbursements supporting 12 randomly and judgmentally selected expenditures totaling \$2.1 million and noted:

- MDE allowed 151 (38%) payments in unsupported expenditures totaling \$299,552.
- MDE allowed 13 (3%) payments totaling \$139,624 for expenditures beyond the September 30, 2018 grant period end date.
- MDE reimbursed Flint YMCA twice for 6 (2%) transactions totaling \$21,613.
- MDE was unable to provide the required final performance report due October 23, 2018.

Recommendation Reported in July 2021:

We recommended that MDE provide sufficient oversight of the Flint YMCA grant for nutrition assistance to Flint residents.

AGENCY PLAN TO COMPLY

The Flint YMCA acted as a fiduciary only during the development and implementation of the Flint Fresh Food Hub (FFFH). Now that the FFFH is running, MDE will establish a grant agreement with FFFH for fiscal year 2022 for appropriations related to the Flint declaration of emergency to include detailed cost allowability requirements and will no longer have a grant agreement with the Flint YMCA. MDE will review the monthly reports, follow up with questions, and determine allowability of reported expenditures each month. MDE will continue to improve current monitoring controls, including retaining requested supporting documentation, such as general ledgers, on a regular basis to ensure the funds are used for nutrition related purposes.

FOLLOW-UP CONCLUSION

Complied.

Our follow-up noted:

- For fiscal year 2022, MDE entered a new grant agreement with FFFH (from Public Act 48 of 2021) for \$138,763. MDE reduced the original \$300,000 allocation by \$161,237 for the improper grant charges noted in our prior

audit. MDE took no further action for the \$299,552 in unsupported expenditures reported in the prior finding.

- The fiscal year 2022 grant agreement added a requirement for FFFH to submit monthly expenditure reports to MDE, including a list of all expenditures to date under the grant. Monthly expenditure reports must now be approved by MDE prior to reimbursement to FFFH. The prior year grant did not require submission of monthly expenditure reports prior to MDE disbursing grant funds.
- MDE disbursed \$321,392 to FFFH (from Public Act 165 of 2020) in February 2021. For FFFH expenditures from July through September 2021, MDE obtained detailed expenditure reports and supporting invoices or payroll detail to substantiate over 98% of the expenditures. Also, MDE issued reimbursement to FFFH in June and August 2022 for FFFH January through July 2022 expenditures totaling \$157,089. MDE obtained detailed expenditure reports, payroll detail, and a sample of expenditure invoices to provide assurance that these funds were appropriately expended.

FINDING 3

Audit Finding Classification: Reportable condition.

Summary of the July 2021 Finding:

MDE did not provide sufficient oversight of the Food Bank of Eastern Michigan's (FBEM's) grant for nutrition assistance to Flint residents. MDE granted \$412,500 to FBEM (from Public Act 268 of 2016) to provide additional servings of fresh fruits and vegetables to children and families to mitigate the effects of lead exposure.

We reviewed 21 randomly and judgmentally sampled FBEM expenditures totaling \$105,431 and noted:

- MDE allowed 3 (14%) expenditures totaling \$9,900 in unsupported costs for food delivery by FBEM.
- MDE allowed improper charges for 3 (14%) expenditures totaling \$608 in hygiene-related items.
- MDE allowed an estimated \$293 in improper truck depreciation charges.
- MDE was unable to adequately support its review of the appropriateness of FBEM expenditures or of its grant monitoring.

Recommendation Reported in July 2021:

We recommended that MDE provide sufficient oversight of FBEM's grant for nutrition assistance to Flint residents.

AGENCY PLAN TO COMPLY

MDE will establish a grant agreement for fiscal year 2022 for appropriations related to the Flint declaration of emergency to include detailed cost allowability requirements. MDE will review the monthly reports, follow up with questions, and determine allowability of reported expenditures each month. MDE will continue to improve current monitoring controls, including retaining requested supporting documentation, such as general ledgers and invoices, on a regular basis to ensure the funds are used for nutrition related purposes.

FOLLOW-UP CONCLUSION

Not complied. A reportable condition still exists.

Our follow-up noted:

- For fiscal year 2022, MDE entered into a new grant agreement with FBEM (from Public Act 48 of 2021) for \$289,199. MDE reduced the original \$300,000 allocation by \$10,801 for the improper grant charges noted in our prior audit.
- The fiscal year 2022 grant agreement added a requirement for FBEM to submit monthly expenditure reports to MDE, including a list of all expenditures to date

under the grant. Monthly expenditure reports must now be approved by MDE prior to reimbursement to FBEM. The prior year grant did not require submission of monthly expenditure reports prior to MDE disbursing grant funds. As of June 2022, MDE had not reimbursed FBEM for any fiscal year 2022 grant activity.

- Previously disbursed Flint declaration of emergency grants would still be subject to MDE oversight. MDE disbursed \$321,392 to FBEM (from Public Act 165 of 2020) in February 2021, but MDE informed us the last expenditure report it obtained was in May 2021 disclosing only \$9,117 in expenditures. MDE was unable to substantiate the remainder of the February 2021 disbursement as of June 2022.

**FOLLOW-UP
RECOMMENDATION**

We again recommend that MDE provide sufficient oversight of FBEM's grant for nutrition assistance to Flint residents.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

MDE provided us with the following response:

MDE agrees with the finding. MDE received and reviewed FBEM reporting for fiscal year 2021 grant funds after the audit period ended. MDE has established a grant agreement for fiscal year 2022 for appropriations related to the Flint Declaration of Emergency to include detailed cost allowability requirements according to law. The fiscal year 2022 grant agreement includes requests for reimbursement before funds are distributed. FBEM had not started spending the fiscal year 2022 grant funds as of the end of the audit period. MDE is now reviewing the fiscal year 2022 reports, following up with questions, and determining allowability of reported expenditures. MDE will continue to improve current monitoring controls over both fiscal year 2021 and 2022 grants, including monthly reporting requests, sampling expenditures, and requesting supporting documentation for expenditures, such as general ledgers and invoices to ensure the funds are used for nutrition related purposes.

FINDING 4

Audit Finding Classification: Reportable condition.

Summary of the July 2021 Finding:

MDHHS did not provide sufficient oversight of the FCS grant for employing school nurses.

MDE transferred \$1,290,000 to MDHHS through an interagency agreement (from Public Act 108 of 2017 and Public Act 265 of 2018). MDHHS added matching Medicaid funds of \$1,140,000 to provide nursing staff, supplies, and materials funding to FCS.

We noted:

- a. MDHHS did not conduct on-site reviews for 7 of the 11 FCS schools. The four on-site reviews included observing the school and clinic space, interviewing staff, and reviewing administrative and clinical records as part of monitoring visits for the School Wellness Program.
- b. MDHHS did not ensure FCS maintained adequate source documentation for school nurse expenditures, such as invoice and payroll details. We reviewed 40 randomly sampled school nurse expenditures and noted MDHHS and FCS were unable to provide supporting documentation for 9 (22.5%) supply and payroll expenditures totaling \$6,105.

Recommendation Reported in July 2021:

We recommended that MDHHS provide sufficient oversight of the FCS grant for employing school nurses.

AGENCY PLAN TO COMPLY

For part a., MDHHS focused limited resources on conducting in-person reviews for the FCS schools that had a School Wellness Program. MDHHS plans to conduct onsite reviews for the remaining nurse-only sites by December 2021.

For part b., MDHHS will continue to monitor both financial and programmatic reporting for the FCS grant. The unsupported expenditures occurred when FCS used an outside accounting service. Since that time, all accounting services were brought in house at FCS and significant improvements have already been noted in this area. The randomly sampled expenditures that occurred with the in-house staff were substantiated; therefore, we believe FCS has put the necessary processes in place to ensure all expenditures will have appropriate support moving forward. However, MDHHS will continue to monitor FCS financial staff to ensure that controls are maintained.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition still exists.

As of June 2022, MDHHS had not distributed the \$645,000 fiscal year 2022 school nurses' allocation to FCS (from Public Act 48 of 2021). However, FCS has continually received funding for

employing school nurses through the Flint declaration of emergency appropriations since fiscal year 2017. MDHHS received an allocation of \$645,000 for employing school nurses at FCS during fiscal year 2021 (from Public Act 165 of 2020).

Our follow-up noted that MDHHS had:

a. Complied.

During November 2021, MDHHS completed the on-site reviews for the remaining six active schools that did not have the on-site review during the July 2021 prior audit. The seventh site was not reviewed because the school was closed for the entire school year.

b. Not complied.

MDHHS monitoring compares quarterly financial status reports (FSRs) from FCS to the approved budget to ensure there are not line-item deviations. We noted MDHHS completed its review of the FSRs; however, MDHHS did not obtain expenditure detail to substantiate the use of the funds or to reconcile to the summary totals reported on the FSRs. MDHHS informed us it sometimes requests additional detail during its FSR review; however, MDHHS was unable to support what the additional review entailed.

While MDHHS obtained expenditure detail subsequent to our audit request, MDHHS was unable to provide a reconciliation to the FSRs. We noted total expenditure detail was \$202,492 less than the \$1,610,475 reported on the FSRs from July 2021 through June 2022.

**FOLLOW-UP
RECOMMENDATION**

We again recommend that MDHHS provide sufficient oversight of the FCS grant for employing school nurses.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

MDHHS provided us with the following response:

MDHHS agrees with the finding.

MDHHS will implement enhanced fiscal monitoring to include a pre-payment reconciliation of FCS general ledgers and quarterly Financial Status Reports (FSRs). Also, as part of the enhanced monitoring, a sample of expense transactions will be selected quarterly for further review to ensure FCS has appropriate documentation to support each transaction.

SUPPLEMENTAL INFORMATION

Exhibit 1

FLINT EMERGENCY EXPENDITURES

Department of Licensing and Regulatory Affairs (LARA)
As of September 30, 2021

Public Act 143 of 2015

Appropriated: \$200,000

Authorized Uses: Section 154

One full-time equivalent employee in the Bureau of Construction Codes.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review Prior Audits</u>	<u>Current Audit</u>
Construction Codes	\$200,000	\$199,606	\$197,620	\$0
Total	<u>\$200,000</u>	<u>\$199,606</u>	<u>\$197,620</u>	<u>\$0</u>

Public Act 3 of 2016

Appropriated: \$1,660,000

Public Act 340 of 2016 reduced the original appropriation of \$2,000,000 to \$1,660,000. LARA informed us that the \$340,000 was not needed.

Authorized Uses: Section 601

LARA shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support plumbing fixture replacements at facilities to be designated by LARA.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review Prior Audits</u>	<u>Current Audit</u>
Plumbing Fixture Replacements	\$1,660,000	\$1,660,000	\$1,530,930	\$0
Total	<u>\$1,660,000</u>	<u>\$1,660,000</u>	<u>\$1,530,930</u>	<u>\$0</u>

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from the Michigan Administrative Information Network* (MAIN), the Statewide Integrated Governmental Management Applications* (SIGMA), and the State Budget Office (SBO).

* See glossary at end of report for definition.

FLINT EMERGENCY EXPENDITURES

Department of Environment, Great Lakes, and Energy* (EGLE)
As of September 30, 2021

Public Act 143 of 2015

Appropriated: \$7,300,000

Authorized Uses: Sections 152 and 1251

Section 152: Two full-time equivalent employees for drinking water and environmental health and laboratory services.

Section 1251: DEQ is authorized to pay up to \$6 million for reconnection services to the Detroit Water and Sewerage Department or its successor. The payments shall only be made once a legally executable agreement has been reached between the parties and a successful reconnection has occurred to the Flint water system. These funds are intended to pay reconnection costs through June 30, 2016.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review Prior Audits</u>	<u>Current Audit</u>
Resource Management Division:				
ReConnection Services	\$6,000,000	\$6,000,000	\$6,000,000	\$0
Drinking Water and Environmental Health - Technical Assistance and Coordination	300,000	300,000	291,735	0
Remediation and Development Division:				
Laboratory Services - Water Sample Testing	1,000,000	1,000,000	1,000,000	0
Total	<u>\$7,300,000</u>	<u>\$7,300,000</u>	<u>\$7,291,735</u>	<u>\$0</u>

* Effective April 22, 2019, Executive Order No. 2019-6 renamed the Department of Environmental Quality (DEQ) as the Department of Environment, Great Lakes, and Energy.

Public Act 3 of 2016

Appropriated: \$5,786,500

Authorized Uses: Section 401

DEQ shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) Water system needs.
- (b) Potential payment to City of Flint to aid with utility issues.
- (c) Lab and testing costs.
- (d) Corrosion control procedures.
- (e) Infrastructure integrity study using outside experts.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Flint Declaration of Emergency:				
Water System Needs	\$4,870,158	\$4,870,158	\$4,528,112	\$0
Lab and Testing	694,171	694,171	694,171	0
Infrastructure Study	222,171	222,171	222,171	0
Total	<u>\$5,786,500</u>	<u>\$5,786,500</u>	<u>\$5,444,454</u>	<u>\$0</u>

Public Act 268 of 2016

Appropriated: \$13,750,100

Authorized Uses: Sections 501, 502, and 503

Section 501: DEQ is authorized to pay up to \$3.9 million to the municipal water system. The payments shall only be made once a legally executable agreement has been reached between the parties. These funds are intended to pay service costs from July 2016 through September 30, 2016.

Section 502: DEQ shall allocate funds to address needs related to the declaration of emergency for drinking water contamination. These funds may support, but are not limited to, the following activities:

- (a) Water system needs.
- (b) Water response team.

Section 503: DEQ shall grant \$25.0 million to a city in which a declaration of emergency due to drinking water contamination was issued. The funds shall be provided for service line removal based on a signed grant agreement between the State and the city. This section was replaced with Section 303, Public Act 340 of 2016.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
ReConnection Services (July 2016 - September 2016)	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000	\$0
Water System Needs	2,200,000	2,200,000	2,200,000	0
Drinking Water Emergency Response Team (Fiscal Year 2016)	2,250,000	2,250,000	2,239,874	0
ReConnection Services (October 2016 - December 2016)	3,900,000	3,900,000	3,900,000	0
Drinking Water Emergency Response Team (Fiscal Year 2017)	1,500,100	1,500,100	1,476,996	0
Total	<u>\$13,750,100</u>	<u>\$13,750,100</u>	<u>\$13,716,870</u>	<u>\$0</u>

Public Act 340 of 2016

Appropriated: \$27,617,000

Authorized Uses: Sections 301, 303, and 1601

Section 301: Work project appropriation. This funding will be used for a water distribution optimization analysis which will evaluate water distribution processes, corrosion control treatment, and any technical gaps. Standard operating procedures will also be developed and training provided to operations staff.

Section 303: DEQ shall grant \$25 million to a city in which a declaration of emergency due to drinking water contamination was issued. The funds shall be provided for service line removal based on a signed grant agreement between the State and the city.

Section 1601: Work project appropriation. This funding will be used for infrastructure upgrades and technical assistance. The tentative completion date is November 30, 2022.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Water Distribution Optimization				
Analysis	\$ 817,000	\$ 817,000	\$ 812,301	\$0
Water Plant Analysis	446,135 (2)	446,135	437,161	0
Technical Assistance and Training	1,064,499 (2)	1,013,596	710,016	0
School Water Testing	261,850 (2)	204,676	126,698	0
Community Outreach	27,516	27,516	0	0
Replacement of Lead Service Lines (1)	25,000,000	25,000,000	0	0
Total	<u>\$27,617,000</u>	<u>\$27,508,923</u>	<u>\$2,086,176</u>	<u>\$0</u>

(1) Replacement of Lead Service Lines:

Audit Methodology and Results

The appropriations act boilerplate requires the Auditor General to conduct a preliminary audit of the City of Flint's use of these funds upon the City's receipt of \$10 million of the \$25 million. The audits were conducted and reported separately in the Flint Water Service Line Replacement Expenditures reports (761-3017-17 and 761-3017-19) issued in June 2018 and October 2019, respectively.

(2) EGLE reallocated funding between the prior audit report issued in July 2021 and the current audit. The total amount appropriated did not change.

Public Act 107 of 2017

Appropriated: \$5,500,000

Authorized Uses: Section 451 and Legislative Transfer 2018-1

Section 451: Work project appropriation. This funding will be used to install a water main to connect treated water from the Great Lakes Water Authority (GLWA) to Genesee County Drain Commission (GCDC) customers and the City of Flint. This water main will enable GCDC customers to receive treated water from the Genesee County water treatment plant and allow the City of Flint to continue receiving treated water from GLWA.

Legislative Transfer 2018-1: A \$2.2 million transfer from the Drinking Water Declaration of Emergency Reserve Fund to complete residential water testing programs and contractual services of an integrity oversight monitor related to service line replacements.

Expenditures By Authorized Use Category

	Funding Allocation		Total Expenditures	Expenditures Subject to Review	
				Prior Audits	Current Audit
Parallel Pipe; GCDC	\$3,300,000		\$3,300,000	\$3,300,000	\$0
Water Testing and Contractual Services	780,322	(1)	341,273	110,897	0
Technical Assistance and Training	234,342	(1)	92,963	0	0
Water Residential Assistance Program	107,460	(1)	107,460	0	0
Deloitte Contract	1,077,876	(1)	901,045	0	0
Total	\$5,500,000		\$4,742,741	\$3,410,897	\$0

- (1) EGLE reallocated funding between the prior audit report issued in July 2021 and the current audit. The total amount appropriated did not change.

Public Act 207 of 2018

Appropriated: \$20,000,000

Authorized Uses: Section 602

DEQ is authorized to pay \$20 million for service line replacements related to the drinking water declaration of emergency. The tentative completion date is December 31, 2022.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Replacement of Lead Service Lines	\$20,000,000	\$20,000,000	\$0	\$0
Total	\$20,000,000	\$20,000,000	\$0	\$0

Replacement of Lead Service Lines:

Audit Methodology and Results

The settlement agreement required the State to request the OAG to conduct annual financial* and performance audits of DEQ's administration of the payments or reimbursements described in paragraph 23 of the agreement. The replacement of lead service lines audit was conducted and reported in the second Flint Water Service Line Replacement Expenditures report (761-3017-19) issued in October 2019.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

* See glossary at end of report for definition.

FLINT EMERGENCY EXPENDITURES

Michigan Department of Health and Human Services (MDHHS)
As of September 30, 2021

Public Act 143 of 2015

Appropriated: \$1,850,000

Authorized Uses: Section 153

Allocates \$1,000,000 for emergency services local office allocations and \$850,000 for the Childhood Lead Program.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Purchase Water Resources	\$ 582,486	\$ 582,486	\$ 582,486	\$0
Bottled Water Purchases	417,514	417,514	417,514	0
Childhood Lead Program:				
Environmental Blood Lead				
Investigations	165,000	165,000	165,000	0
Epidemiologist Services	249,100	249,129	249,100	0
Nurse Case Management	435,900	435,871	430,605	0
Total	<u>\$1,850,000</u>	<u>\$1,850,000</u>	<u>\$1,844,705</u>	<u>\$0</u>

Public Act 3 of 2016

Appropriated: \$15,457,000

Authorized Uses: Section 501

MDHHS shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) Purchases of bottled water, water filters, and replacement filter cartridges.
- (b) Department field operations costs.
- (c) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (d) Nutrition support, food banks, and community education.
- (e) Support for child and adolescent health centers and the Children's Healthcare Access Program (CHAP).
- (f) Assessment of potential linkages to other diseases.
- (g) Food inspections.
- (h) Crisis counseling and behavioral health services.
- (i) Additional nurse services.

Exhibit 3
(Continued)

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Purchase Water Resources	\$ 4,612,800	\$ 4,612,800	\$ 4,612,800	\$0
Purchase Water Filters	13,100	13,084	13,084	0
Department Field Operations:				
Lead Abatement	1,071,800	1,071,789	1,071,789	0
Epidemiological and Case Management:				
Environmental Health Staff Support	126,500	90,447	90,447	0
Nurse Case Management	70,000	70,000	70,000	0
Adult Blood Lead Epidemiology and Surveillance	18,500	18,500	18,500	0
Nutrition Support, Food Banks, and Community Education:				
Nutrition Education	118,500	67,509	67,509	0
Food Bank Resources	1,776,700	1,776,660	1,776,660	0
Nutritional Education Backpack Program	872,000	872,000	872,000	0
Lactation Consultant	78,600	78,648	72,139	0
Double Up Food Bucks Flint Expansion Project	380,000	380,000	380,000	0
Child and Adolescent Health Centers and Children's Healthcare Access Program:				
CHAP	200,000	200,000	200,000	0
Child and Adolescent Health Centers	487,500	457,500	457,500	0
Pathways to Potential Expansion	1,253,700	1,253,678	1,253,678	0
Linkages to Legionnaires Disease	275,000	275,000	265,661	0
Food Inspections	200,000	200,000	200,000	0
Crisis Counseling and Behavioral Health Services:				
Crisis Counseling	500,000	500,000	500,000	0
Community Mental Health Services	2,535,000	0	0	0
Michigan Child Care Collaborative	237,100	237,082	237,082	0
Community Counseling Centers	101,700	101,670	100,835	0
Nurse Services	528,500	528,538	528,538	0
Total	<u>\$15,457,000</u>	<u>\$12,804,905</u>	<u>\$12,788,222</u>	<u>\$0</u>

Public Act 268 of 2016

Appropriated: \$29,928,100

Authorized Uses: Sections 601, 602, 603, and 1910

MDHHS shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. Of the appropriated funds, \$14.8 million shall be used to support the following activities:

- (a) Nutrition support, food banks, and community education.
- (b) Intensive services and outreach for children, including evidence-based home visiting programs.
- (c) Assessment of potential linkages between the drinking water declaration of emergency and diseases in Flint residents.
- (d) Support for child and adolescent health centers and CHAP.
- (e) Interpretation services.
- (f) Childhood lead poisoning prevention program.
- (g) \$6.1 million in federal temporary assistance for needy families for emergency needs.
- (h) \$321,000 distributed to licensed private child welfare agencies.

Of the appropriated funds, \$15.1 million shall be used to support, but are not limited to, the following activities:

- (i) Emergency nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (j) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (k) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (l) Nursing services, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (m) Department field operations costs.
- (n) Assessment of potential linkages to other diseases.

Exhibit 3
(Continued)

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Mobile Food Bank (Fiscal Year 2016)	\$ 446,400	\$ 446,408	\$ 446,408	\$0
Nutrition Programs	1,261,900	1,261,911	1,261,911	0
Linkages to Legionnaires Disease	2,677,000	2,677,014	2,317,189	0
Lead Abatement Program (Fiscal Year 2016)	386,600	386,581	386,269	0
Media Campaign	304,400	304,424	304,424	0
Parents as Teachers Program (Fiscal Year 2016)	323,600	323,618	204,688	0
Federal TANF Reserve	6,100,000	0	0	0
Child and Adolescent Health Centers (Fiscal Year 2016)	662,500	662,500	662,500	0
Interpretation Services (Fiscal Year 2016)	20,700	20,673	0	0
Nutrition Assistance for Children of Flint	3,623,400	3,623,336	3,520,000	0
Mobile Food Bank (Fiscal Year 2017)	1,716,800	1,716,804	1,716,804	0
Nutrition Education Backpack Program	942,000	914,265	914,265	0
Adult Blood Lead Epidemiology and Surveillance	44,400	44,379	44,379	0
Child and Adolescent Health Centers (Fiscal Year 2017)	60,900	60,909	60,909	0
Lead Abatement Program (Fiscal Year 2017)	319,400	319,303	291,810	0
Environmental Health Staff Support	266,300	266,333	212,000	0
Nurse Case Management (Fiscal Year 2016)	329,400	329,353	329,353	0
Community Education (Fiscal Year 2017)	175,300	175,369	85,369	0
Community Mental Health Services	1,869,300	0	0	0
Parents as Teachers Program (Fiscal Year 2017)	254,000	253,969	0	0
Double Up Food Bucks Flint Expansion Project	178,000	178,015	178,015	0
Food Safety Inspections (Fiscal Year 2016)	274,000	273,983	59,898	0
Food Safety Inspections (Fiscal Year 2017)	280,800	280,826	271,258	0
Michigan Child Care Collaborative	393,900	393,912	338,334	0
Pathways to Potential Expansion	493,200	340,189	340,189	0
CHAP (Fiscal Year 2016)	267,300	267,338	267,338	0
Flint Hospital Monitor	42,500	42,500	42,500	0
Flint Hospital Lab	63,000	63,040	63,040	0
Service Homebound, Frail Seniors	400,000	399,984	399,864	0
Lead Abatement GF Match for SCHIP	111,900	111,865	107,566	0
DEQ IAG Faucets and Fixtures	2,091,900	2,091,911	2,186,796	0
Addressing Household Needs in Flint	440,000	440,000	100,000	0
Rides to Wellness	1,164,700	1,164,735	1,164,735	0
Veggie Box Program	250,000	250,000	0	0
Nurse Family Partnership	439,200	439,240	439,240	0
Community Counseling Centers (Fiscal Year 2016)	65,800	65,742	29,556	0
CHAP (Fiscal Year 2017)	567,900	567,919	375,000	0
Community Counseling Centers (Fiscal Year 2017)	26,300	26,329	0	0
Community Education (Fiscal Year 2016)	200	198	0	0
Interpretation Services (Fiscal Year 2017)	10,700	10,693	0	0
Nurse Case Management (Fiscal Year 2017)	428,000	428,014	147,029	0
Water Heater Replacement	154,500	154,520	0	0
Total	\$29,928,100	\$21,778,102	\$19,268,636	\$0

Public Act 107 of 2017

Appropriated: \$21,541,700

Authorized Uses: Section 1905 and Legislative Transfer 2018-1

Section 1905: MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. These funds may support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.

Legislative Transfer 2018-1: The Legislature transferred \$7.5 million from the Drinking Water Declaration of Emergency Reserve Fund to support the Flint Community Outreach and Education (CORE) door-to-door program and Points of Distribution (POD) program at fixed sites. The programs support temporary jobs for the purpose of distributing bottled water and water filters, educating residents on the use of filters, staffing warehouses (\$6.0 million for the preceding items), and residential water sampling and testing (\$1.5 million).

Exhibit 3
(Continued)

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Nurse Case Management	\$ 646,500	\$ 646,441	\$ 126,769	\$0
Lactation Consultant	322,400	322,433	51,388	0
Child and Adolescent Health Centers	650,000	650,000	650,000	0
CHAP	330,600	330,584	0	0
Lead Abatement GF Match for SCHIP	23,500	23,466	23,466	0
Nurse Family Partnership	876,000	876,029	0	0
Nutrition Outreach	N/A	0	0	0
Parents as Teachers Evidence-Based Home Visiting Program	149,800	149,781	0	0
Environmental Health Staff Support	911,600	911,681	304,781	0
Adult Blood Lead Epidemiology and Surveillance	44,400	44,400	44,400	0
Nutrition Initiatives	N/A	0	0	0
Purchase Water Resources	N/A	0	0	0
Double Up Food Bucks Flint Expansion Project	336,900	336,911	0	0
Flint Hospital Monitor	23,600	23,650	0	0
Flint Hospital Lab	13,600	13,620	0	0
Community Education with Genesee County Health Department	118,700	118,701	0	0
CORE	2,610,600	2,610,560	2,524,000	0
CORE - Contractual Services	N/A	0	0	0
CORE - Sampling and Testing	4,889,500	1,600,594	0	0
Nutrition Programs	417,200	417,210	412,639	0
Linkages to Legionnaires Disease	374,300	374,241	0	0
Nutrition Education Backpack Program	N/A	0	0	0
Nutrition Assistance for Children of Flint	2,600,000	206,031	0	0
TANF Eligible Water Heater Replacement	1,199,300	299,446	0	0
Michigan Child Collaborative	285,000	284,909	0	0
Service Homebound, Frail Seniors	340,200	340,209	81,452	0
Community Counseling Centers	65,400	65,401	0	0
Interpretation Services	15,100	15,095	0	0
Lead Abatement Programming	413,600	394,161	211,584	0
Media Campaign	N/A	0	0	0
Mobile Food Bank	1,426,000	1,426,000	1,426,000	0
Nutrition Education	N/A	0	0	0
Pathways to Potential Expansion	767,600	767,589	0	0
Rides to Wellness	1,474,200	1,474,215	1,429,215	0
Veggie Box Program	216,100	216,089	0	0
Total	\$21,541,700	\$14,939,447	\$7,285,695	\$0

N/A: Not available as of September 30, 2021. Funding allocation amounts continuously change and will be updated as information becomes available.

Public Act 207 of 2018

Appropriated: \$4,621,100

Authorized Uses: Section 1905

MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. These funds may support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.

Exhibit 3
(Continued)

Expenditures By Authorized Use Category

	Funding Allocation (1)	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
CHAP	\$ 157,900	\$ 157,896	\$ 0	\$0
Child and Adolescent Health Centers	650,000	650,000	650,000	0
Child Care Assistance for Flint Children	N/A	0	0	0
Double Up Food Buck Flint Expansion Project	51,600	51,618	0	0
Lactation Consultant	70,000	69,998	0	0
Lead Abatement	341,300	341,313	231,463	0
Nurse Case Management	96,000	95,981	0	0
Nurse Family Partnership	588,700	588,726	0	0
Nutrition Programs	100	68	0	0
Parents as Teachers Evidence-Based Home Visiting Program	183,400 (1)	183,383	0	0
Purchase Water Filters	12,500	12,488	0	0
Rides to Wellness	172,500 (1)	172,520	0	0
Service Homebound, Frail Seniors	105,300 (1)	105,257	0	0
Water Heater Replacement	100,000 (1)	99,987	0	0
Community Counseling Centers	87,800	87,824	0	0
Interpretation Services	4,900	4,883	0	0
Michigan Childcare Collaborative	348,000 (1)	348,014	0	0
Community Education with Genesee County Health Department	N/A	0	0	0
Mobile Food Bank	1,426,000	1,426,000	0	0
Placeholder	100	0	0	0
Revive Community Health Centers	64,300	64,265	0	0
Veggie Box Program	33,900	33,911	0	0
Environmental Health Staff Support	126,800 (1)	126,867	0	0
Total	<u>\$4,621,100</u>	<u>\$4,620,999</u>	<u>\$881,463</u>	<u>\$0</u>

N/A: Not available as of September 30, 2021. Funding allocation amounts continuously change and will be updated as information becomes available.

- (1) MDHHS reallocated funding between the prior audit report issued in July 2021 and the current audit. The total amount appropriated did not change.

Public Act 67 of 2019

Appropriated: \$4,621,100

Authorized Uses: Section 1910

MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. Of the appropriated funds, \$3.8 million shall be used to support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.
- (i) Transportation related to healthcare delivery.
- (j) Senior initiatives.
- (k) Lead abatement contractor workforce development.

Of the appropriated funds, \$800,000 shall be used to support the following activities:

- (l) \$300,000 for Revive Community Health Center for health support services as the center pursues certification as a federally qualified health center.
- (m) \$500,000 for Rides to Wellness through the Flint Mass Transportation Authority (MTA).

Exhibit 3
(Continued)

Expenditures By Authorized Use Category

	Funding Allocation		Total Expenditures	Expenditures Subject to Review	
				Prior Audits	Current Audit
Mobile Food Bank	\$1,150,000		\$1,150,000	\$0	\$0
Pathways to Potential Expansion	525,200		525,205	0	0
CHAP	476,900	(1)	399,440	0	0
Nurse Case Management	308,800	(1)	229,012	0	0
Double Up Food Bucks Flint Expansion Project	166,200	(1)	166,173	0	0
Flint Abatement Activities	183,600	(1)	183,472	0	0
Child and Adolescent Health Centers	650,000		650,000	0	0
Service Homebound, Frail Seniors	172,400	(1)	154,551	0	0
Rides to Wellness	12,300		12,315	0	0
Community Education with Genesee County					
Health Department	N/A		0	0	0
Interpretation Services	12,700	(1)	9,299	0	0
Lactation Consultant	20,500	(1)	(24,998)	0	0
Community Counseling Centers	113,900	(1)	81,661	0	0
Michigan Child Collaborative Care	18,100	(1)	0	0	0
Nurse Family Partnership	92,100	(1)	0	0	0
Revive Community Health Centers	235,700	(1)	235,735	0	0
Parents as Teachers Evidence-Based Home					
Visiting Program	44,600	(1)	0	0	0
Water Heater Replacement	217,000	(1)	0	0	0
Media Campaign	0	(1)	0	0	0
Vital Records - Flint Settlement Costs	0	(1)	0	0	0
Environmental Health Staff Support	221,100	(1)	221,039	0	0
Total	<u>\$4,621,100</u>		<u>\$3,992,904</u>	<u>\$0</u>	<u>\$0</u>

N/A: Not available as of September 30, 2021. Funding allocation amounts continuously change and will be updated as information becomes available.

- (1) MDHHS reallocated funding between the prior audit report issued in July 2021 and the current audit. The total amount appropriated did not change.

Public Act 166 of 2020

Appropriated: \$4,621,000

Authorized Uses: Section 1306

MDHHS shall allocate funds to address needs in a city in which a declaration of emergency was issued because of drinking water contamination. Of the appropriated funds, \$3.8 million shall be used to support, but are not limited to, the following activities:

- (a) Nutrition assistance, nutritional and community education, food bank resources, and food inspections.
- (b) Epidemiological analysis and case management of individuals at risk of elevated blood lead levels.
- (c) Support for child and adolescent health centers, CHAP, and pathways to potential programming.
- (d) Nursing services, breastfeeding education, evidence-based home visiting programs, intensive services, and outreach for children exposed to lead coordinated through local community mental health organizations.
- (e) Department field operations costs.
- (f) Lead poisoning surveillance, treatment, and abatement.
- (g) Nutritional incentives provided to local residents through the Double Up Food Bucks Flint Expansion Program.
- (h) Genesee County health department food inspectors to perform water testing at local food service establishments.
- (i) Transportation related to healthcare delivery.
- (j) Senior initiatives.
- (k) Lead abatement contractor workforce development.

Of the appropriated funds, \$800,000 shall be used to support the following activities:

- (l) \$300,000 for Revive Community Health Center for health support services as the center pursues certification as a federally qualified health center.
- (m) \$500,000 for Rides to Wellness through the Flint MTA.

Exhibit 3
(Continued)

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
CHAP	\$ 349,400	\$ 217,104	\$0	\$0
Child and Adolescent Health Centers	650,000	650,000	0	0
Childhood Lead Poisoning (CLPPP)				
Prevention Program Support	404,600	171,590	0	0
Community Counseling Centers	146,000	0	0	0
Double Up Food Bucks Flint Expansion Project	150,000	0	0	0
Interpretation Services	6,800	0	0	0
Lactation Consultant	140,000	0	0	0
Michigan Child Care Collaborative (MC3)	350,000	280,858	0	0
Nurse Case Management	352,600	74,668	0	0
Nurse Family Partnership	361,600	123,400	0	0
Parents as Teachers Evidence-Based				
Home Visiting Program	260,000	180,034	0	0
Pathways to Potential Expansion	300,000	0	0	0
Revive Community Health Centers	300,000	180,862	0	0
Rides to Wellness	500,000	357,760	0	0
Service Homebound, Frail Seniors	100,000	0	0	0
Water Heater Replacement	250,000	0	0	0
Total	<u>\$4,621,000</u>	<u>\$2,236,276</u>	<u>\$0</u>	<u>\$0</u>

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Michigan Department of Education (MDE)
As of September 30, 2021

Public Act 3 of 2016

Appropriated: \$2,685,000

Authorized Uses: Section 301

MDE shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) Hiring additional school nurses.
- (b) In the intermediate school district in which the declaration of emergency has been made, providing Early On (EO) and special education services, monitoring children from age 0 to 3 for symptoms of potential lead exposure, coordinating wraparound services, providing nutritional snacks to elementary students, and providing and coordinating communications for parents, educators, and the community.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Nurses	\$ 320,000	\$ 320,000	\$ 320,000	\$0
EO/Special Education Services, Lead Exposure Monitoring, Wraparound Services Coordination, Communications	2,225,000	2,225,000	2,225,000	0
Food and Nutrition	140,000	140,000	140,000	0
Total	<u>\$2,685,000</u>	<u>\$2,685,000</u>	<u>\$2,685,000</u>	<u>\$0</u>

Public Act 249 of 2016

Appropriated: \$21,830,000

Authorized Uses: Sections 11o. and 11s. and Legislative Transfer 2017-5

Sections 11o. and 11s.: MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) \$9.2 million to provide State early childhood services to children.
- (b) An amount not to exceed \$1.3 million for the purpose of employing school nurses and school social workers.
- (c) An amount not to exceed \$1.2 million to augment staff for the purpose of providing additional early childhood services and for nutritional services to children.
- (d) An amount not to exceed \$6.2 million to provide State early intervention services for children who are less than 4 years of age as of September 1, 2016.
- (e) An amount not to exceed \$1.5 million to enroll children in school-day Great Start Readiness Programs.

Legislative Transfer 2017-5: The Legislature transferred \$2.5 million to the appropriation under Section 11s. for services to the children of Flint. These funds should be used to support the following activities:

- (f) \$1.3 million for school nurses and school social workers within Flint Community Schools.
- (g) \$1.2 million for early intervention and early literacy services, as well as nutritional services.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Early Intervention and Great Start Readiness Program Services 0 - 4 (Fiscal Year 2016)	\$ 9,200,000	\$ 9,200,000	\$ 5,790,614	\$0
Early Intervention Services	812,500	812,500	812,500	0
Nutritional Services	382,500	382,500	382,416	0
School Nurses for Flint Public Schools	317,500	317,500	317,500	0
School Social Workers for Flint Public Schools	975,000	975,000	975,000	0
Early Intervention Services 0 - 3 (Fiscal Year 2017)	6,155,000	6,155,000	6,155,000	0
Great Start Readiness Program (Fiscal Year 2017)	1,500,000	1,500,000	652,500	0
School Nurses and Social Workers for Flint Public Schools Reserves	1,292,500	1,292,500	1,292,500	0
Early Intervention Services, Early Literacy, and Nutritional Services Reserves	1,195,000	1,195,000	812,500	0
Total	<u>\$21,830,000</u>	<u>\$21,830,000</u>	<u>\$17,190,530</u>	<u>\$0</u>

Public Act 268 of 2016

Appropriated: \$33,650,100

Authorized Uses: Sections 401 and 402

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the following activities:

- (a) To address child care and nutrition needs.
- (b) \$8 million for child care and development funds for emergency needs.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review Prior Audits</u>	<u>Current Audit</u>
Nutrition Assistance	\$ 9,500,000	\$ 9,500,000	\$ 9,287,840	\$0
Child Care Assistance (0 - 3) (Fiscal Year 2016)	8,100,000	8,100,000	8,100,000	0
Child Care and Development Fund Reserve for Flint Day Care Needs	8,000,000	8,000,000	8,000,000	0
Child Care Assistance (0 - 3) (Fiscal Year 2017)	8,050,100	714,658	395,831	0
Total	<u>\$33,650,100</u>	<u>\$26,314,658</u>	<u>\$25,783,671</u>	<u>\$0</u>

Public Act 108 of 2017

Appropriated: \$8,730,000

Authorized Uses: Section 11s.

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,625,000 for the purpose of employing school nurses and school social workers.
- (b) \$2,500,000 to provide State early childhood services and nutritional services to children.
- (c) An amount not to exceed \$3,000,000 to enroll children in school-day Great Start Readiness Programs.
- (d) An amount not to exceed \$605,000 for nutritional services to children.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Support for Flint Schools	\$2,625,000	\$2,625,000	\$ 2,625,000	\$0
Support for GISD	1,720,000	1,720,000	1,720,000	0
GISD Nutrition	780,000	780,000	0	0
Summer Great Start Readiness Programs	3,000,100	3,000,000	2,830,026	0
Nutritional Services	605,000	605,000	0	0
Total	<u>\$8,730,100</u>	<u>\$8,730,000</u>	<u>\$7,175,026</u>	<u>\$0</u>

Public Act 265 of 2018

Appropriated: \$7,369,600

Authorized Uses: Section 11s. and Administrative Transfer 2018-5

Section 11s.: MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,625,000 for the purpose of employing school nurses, classroom aides, and school social workers.
- (b) An amount not to exceed \$605,000 for nutritional services to children.

Administrative Transfer 2018-5: Moved \$4,139,600 from the Discretionary Payments line item appropriation to the drinking water declaration of emergency appropriation for the purposes described in the partial settlement agreement in the civil action known as *D.R., et al. v. Michigan Department of Education, et al.*, which includes planning and initial implementation of a program to screen and assess children who may have been exposed to elevated levels of lead in the Flint water supply.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Childcare Services	\$ 50,000	\$ 48,922	\$ 0	\$0
Nutrition (formerly GISD: EO)	705,000	590,955	0	0
Great Start Readiness Program	50,000	50,000	0	0
School Nurses for Flint Public Schools	675,000	675,000	645,000	0
School Social Workers for Flint Public Schools	1,750,000	1,750,000	1,730,000	0
Screen and Assess Children Exposed	4,139,600	4,139,600	4,139,572	0
Total	<u>\$7,369,600</u>	<u>\$7,254,477</u>	<u>\$6,514,572</u>	<u>\$0</u>

Public Act 58 of 2019

Appropriated: \$8,075,000

Authorized Uses: Section 11s.

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,425,000 for the purpose of employing school nurses, classroom aides, and school social workers.
- (b) \$4,000,000 to provide State early intervention services for children who are between age 3 and age 5.
- (c) \$1,000,000 to enroll children in school-day great start readiness programs.
- (d) \$650,000 for nutritional services to children.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review Prior Audits	Current Audit
Support for Flint Schools	\$ 675,000	\$ 675,000	\$ 0	\$0
School Social Workers for Flint Public Schools	1,750,000	1,750,000	1,430,362	0
Early Intervention Services	4,000,000	4,000,000	0	0
Great Start Readiness Programs	1,000,000	1,000,000	0	0
Nutritional Services	650,000	650,000	0	0
Total	<u>\$8,075,000</u>	<u>\$8,075,000</u>	<u>\$1,430,362</u>	<u>\$0</u>

Public Act 165 of 2020

Appropriated: \$8,075,000

Authorized Uses: Section 11s.

MDE shall allocate funds to address the needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used for the purpose of providing the following services and programs to children who reside within the boundaries of a district with a majority of its territory located within the boundaries of a city for which an executive proclamation of emergency is issued:

- (a) An amount not to exceed \$2,425,000 for the purpose of employing school nurses, classroom aides, and school social workers.
- (b) \$2,400,000 to provide State early intervention services for children who are between age 3 and age 5.
- (c) \$1,000,000 to enroll children in school-day great start readiness programs.
- (d) \$650,000 for nutritional services to children.
- (e) \$1,600,000 for intervention supports for K to 12 students.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Prior Audits	Subject to Review Current Audit
Support for Flint Schools	\$ 675,000	\$ 645,000	\$0	\$0
School Social Workers for Flint				
Public Schools	1,750,000	1,730,000	0	0
Early Intervention Services	2,400,000	0	0	0
Great Start Readiness Programs	1,000,000	1,000,000	0	0
Nutritional Services	650,000	686,511	0	0
ISD Interventions	1,600,000	727,200	0	0
Total	<u>\$8,075,000</u>	<u>\$4,788,711</u>	<u>\$0</u>	<u>\$0</u>

Public Act 166 of 2020

Appropriated: \$1,000,000

Authorized Uses: Section 1101

- (a) MDE shall allocate \$1,000,000 to Educare to continue the expansion of early childhood services because of a drinking water declaration of emergency.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Educare	\$1,000,000	\$0	\$0	\$0
Total	\$1,000,000	\$0	\$0	\$0

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Military and Veterans Affairs (DMVA)
As of September 30, 2021

Public Act 3 of 2016

Appropriated: \$2,000,000

Authorized Uses: Section 701

DMVA shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the Michigan National Guard water support efforts.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Michigan National Guard Water Support Efforts	\$2,000,000	\$2,000,000	\$2,000,000	\$0
Total	\$2,000,000	\$2,000,000	\$2,000,000	\$0

Public Act 340 of 2016

Appropriated: \$500,000

Authorized Uses: Section 105

DMVA shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support the Michigan National Guard water support efforts.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Michigan National Guard Water Support Efforts	\$500,000	\$476,834	\$476,834	\$0
Total	\$500,000	\$476,834	\$476,834	\$0

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Michigan Department of State Police (MSP)
As of September 30, 2021

Public Act 3 of 2016

Appropriated: \$100,000

Authorized Uses: Section 801

MSP shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall be used to support operational funding for the Flint Water Interagency Coordinating Committee.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Flint Water Interagency Coordinating Committee	<u>\$100,000</u>	<u>\$9,043</u>	<u>\$9,043</u>	<u>\$0</u>
Total	<u><u>\$100,000</u></u>	<u><u>\$9,043</u></u>	<u><u>\$9,043</u></u>	<u><u>\$0</u></u>

Public Act 268 of 2016

Appropriated: \$6,000,000

Authorized Uses: Section 801

MSP shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds may support, but are not limited to, purchases of water and replacement filter cartridges.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Bottled Water Purchases	<u>\$6,000,000</u>	<u>\$6,000,000</u>	<u>\$6,000,000</u>	<u>\$0</u>
Total	<u><u>\$6,000,000</u></u>	<u><u>\$6,000,000</u></u>	<u><u>\$6,000,000</u></u>	<u><u>\$0</u></u>

Public Act 107 of 2017

Appropriated: \$3,908,100

Authorized Uses:

MSP shall allocate \$3.9 million from the Drinking Water Declaration of Emergency Reserve Fund to support various Flint Operational Costs to include warehouse costs; Federal Emergency Management Agency (FEMA) matching funds; logistical and IT support from the Department of Technology, Management, and Budget (DTMB); and printing costs related to fliers and mailers.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Section 18 Reimburse - DTMB	\$3,908,100	\$2,711,816	\$2,508,100	\$0
Total	\$3,908,100	\$2,711,816	\$2,508,100	\$0

Flint Emergency Expenditures Paid from the Disaster and Emergency Contingency Fund

Appropriated: \$14,000,000

Public Act 268 of 2016 appropriated \$10 million to the Disaster and Emergency Contingency Fund (DECF).

Public Act 107 of 2017 increased the original appropriation by an additional \$4 million.

Authorized Uses:

DECF was established by the Emergency Management Act (Public Act 390 of 1976). The Act authorizes the MSP Director to expend money from DECF for needs required for the mitigation of the effects of, or in response to, a disaster or emergency and to pay necessary and reasonable overtime, travel, and subsistence expenses incurred by an employee of the State acting at the direction of the Director.

Reimbursed Expenditures				
	Funding Allocation	Total Expenditures	Expenditures Subject to Review Prior Audits	Current Audit
Emergency Response	\$14,000,000	\$11,545,021	\$11,316,876	\$0
Total	\$14,000,000	\$11,545,021	\$11,316,876	\$0

DECF Expenditure History

DECF - Flint related expenditures (Fiscal Year 2016)	\$ 9,718,344
DECF - Flint related expenditures (Fiscal Year 2017)	11,379,791
DECF - Flint related expenditures (Fiscal Year 2018)	21,789
DECF - Flint related expenditures (Fiscal Year 2019)	65,005
DECF - Flint related expenditures (Fiscal Year 2020)	0
DECF - Flint related expenditures (Fiscal Year 2021)	163,140
Total	\$21,348,069
Less transfers:	
Article XXI, Section 1003, Public Act 268 of 2016 to Treasury	(\$ 894,948)
Legislative Transfer Request 2017-5 to Treasury	(2,400,000)
Article XX, Section 115, Public Act 107 of 2017 to Treasury	(4,000,000)
Article XX, Section 112, Public Act 107 of 2017 to MSP	(2,508,100)
Total transfers	(\$9,803,048)
DECF - Flint related expenditures (Net)	\$11,545,021

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Treasury (Treasury)
As of September 30, 2021

Public Act 24 of 2016

Appropriated: \$30,000,000

Authorized Uses: Section 301

Treasury shall allocate up to \$30 million to reimburse the water enterprise fund of the City of Flint in an amount equal to credits posted to its customers' accounts in accordance with Section 302.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Water Credit Reimbursements	\$30,000,000	\$30,000,000	\$30,000,000	\$0
Total	\$30,000,000	\$30,000,000	\$30,000,000	\$0

Public Act 268 of 2016

Appropriated: \$24,130,000

Authorized Uses: Sections 1001 and 1003 and Legislative Transfers 2017-1, 2017-5, and 2017-7

Section 1001: Treasury shall allocate up to \$12,750,000 to reimburse the water enterprise fund of the City of Flint in an amount equal to credits posted to its customers' accounts in accordance with Section 1002.

Section 1003: Treasury shall allocate funds for purposes related to the drinking water declaration of emergency. These funds may support, but are not limited to, Mission Flint costs.

Legislative Transfer 2017-1: A \$300,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for contractual services of an integrity oversight monitor.

Legislative Transfer 2017-5: A \$2,400,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for continued purchase of bottled water for MSP.

Legislative Transfer 2017-7: A \$7,300,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) for the continued purchase of bottled water through February 2018.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Water Credit Reimbursements	\$12,750,000	\$11,737,844	\$11,737,844	\$0
Mission Flint Program Management	1,380,000	1,380,000	1,380,000	0
Integrity Oversight Monitor	300,000	300,000	270,143	0
Bottled Water Purchases (2017-5)	2,400,000	2,400,000	2,400,000	0
Bottled Water Purchases (2017-7)	7,300,000	7,300,000	6,788,651	0
Total	<u>\$24,130,000</u>	<u>\$23,117,844</u>	<u>\$22,576,638</u>	<u>\$0</u>

Public Act 107 of 2017

Appropriated: \$13,900,000

Authorized Uses: Sections 115 and 752 and Legislative Transfer 2018-3 and 2018-8

Section 115: A \$4,000,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for continued purchase of bottled water by MSP.

Section 752: Treasury shall allocate \$400,000 to the University of Michigan - Flint for costs related to the drinking water declaration of emergency.

Legislative Transfer 2018-3: A \$9,000,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) for the cost of service line replacements.

Legislative Transfer 2018-8: A \$500,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for contractual services of an integrity oversight monitor.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Bottled Water Purchases	\$ 4,000,000	\$ 4,000,000	\$4,000,000	\$0
University of Michigan - Flint Water Costs	400,000	400,000	400,000	0
Replacement of Lead Service Lines (1)	9,000,000	9,000,000	0	0
Integrity Oversight Monitor	500,000	500,100	500,100	0
Total	<u>\$13,900,000</u>	<u>\$13,900,100</u>	<u>\$4,900,100</u>	<u>\$0</u>

(1) Replacement of Lead Service Lines:

Audit Methodology and Results

The settlement agreement required the State to request the OAG to conduct annual financial and performance audits of DEQ's administration of the payments or reimbursements described in paragraph 23 of the agreement. The replacement of lead service lines audit was conducted and reported separately in the second Flint Water Service Line Replacement Expenditures report (761-3017-19) issued in October 2019.

Public Act 207 of 2018

Appropriated: \$5,663,000

Authorized Uses: Section 118 and Legislative Transfer 2019-1

Section 118: A \$50,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund to fund improved recording of service line improvements in the City of Flint by the Genesee County Register of Deeds.

Legislative Transfer 2019-1: A \$5,613,000 transfer from the Drinking Water Declaration of Emergency Reserve Fund (DTMB) to provide for Food Bank contractual costs, water filters and related fixtures, and lead service line replacements.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Genesee County Register of Deeds	\$ 50,000	\$ 50,000	\$50,000	\$0
Food Bank Resources	200,000	0	0	0
Filters and Fixtures Purchases	180,000	0	0	0
Service Line Replacements	5,233,000	5,194,790	0	0
Total	<u>\$5,663,000</u>	<u>\$5,244,790</u>	<u>\$50,000</u>	<u>\$0</u>

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Attorney General (AG)
As of September 30, 2021

Public Act 268 of 2016

Appropriated: \$3,900,000

Authorized Uses: Sections 301 and 314

Section 301: The AG may spend the funds for the costs of all associated expenses related to the declaration of emergency issued on January 5, 2016 due to drinking water contamination up to \$1.3 million.

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2.6 million.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$3,900,000	\$3,900,000	\$0	\$0
Total	\$3,900,000	\$3,900,000	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 107 of 2017

Appropriated: \$2,600,000

Authorized Uses: Section 314 and Public Act 158 of 2017

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2,000,000.

Public Act 158 of 2017: Increased funding by \$600,000 for the costs of all associated expenses related to the declaration of emergency issued on January 5, 2016 due to drinking water contamination.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,600,000	\$2,599,980	\$0	\$0
Total	\$2,600,000	\$2,599,980	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 207 of 2018

Appropriated: \$2,600,000

Authorized Uses: Section 314

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2.6 million.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,600,000	\$790,446	\$0	\$0
Total	\$2,600,000	\$790,446	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 56 of 2019

Appropriated: \$2,600,000

Authorized Uses: Section 314

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2.6 million.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review Prior Audits	Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,600,000	\$1,970,023	\$0	\$0
Total	\$2,600,000	\$1,970,023	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Public Act 166 of 2020

Appropriated: \$2,643,900

Authorized Uses: Section 314

Section 314: From the lawsuit settlement proceeds fund appropriated in part 1, the AG may spend the funds for the costs of all associated expenses related to the declaration of emergency due to drinking water contamination up to \$2,643,900.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Prior Audits	Expenditures Subject to Review Current Audit
Drinking Water Declaration of Emergency Legal Services	\$2,643,900	\$2,158,328	\$0	\$0
Total	\$2,643,900	\$2,158,328	\$0	\$0

Drinking Water Declaration of Emergency Legal Services:

Audit Methodology and Results

We did not audit AG expenditures because the criminal investigation into the Flint water crisis is ongoing.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Natural Resources (DNR)
As of September 30, 2021

Public Act 268 of 2016

Appropriated: \$250,000

Authorized Uses: Section 701

DNR shall allocate funds to address needs related to the declaration of emergency issued on January 5, 2016. These funds shall support a limited summer youth employment program.

Expenditures By Authorized Use Category

	<u>Funding Allocation</u>	<u>Total Expenditures</u>	<u>Expenditures Subject to Review</u>	
			<u>Prior Audits</u>	<u>Current Audit</u>
Summer Youth Employment Program	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$0</u>
Total	<u><u>\$250,000</u></u>	<u><u>\$250,000</u></u>	<u><u>\$250,000</u></u>	<u><u>\$0</u></u>

Source: The OAG prepared this exhibit based on the specified Public Act and information obtained from MAIN, SIGMA, and SBO.

FLINT EMERGENCY EXPENDITURES

Department of Technology, Management, and Budget (DTMB)
As of September 30, 2021

Public Act 107 of 2017

Appropriated: \$500,000

Authorized Uses: Sections 113 and 701

DTMB shall allocate funds to contract with an integrity oversight monitor to ensure legal compliance, detect misconduct, and promote best practices in the expenditure of the funds appropriated for the drinking water declaration of emergency.

Expenditures By Authorized Use Category

	Funding Allocation	Total Expenditures	Expenditures Subject to Review	
			Prior Audits	Current Audit
Integrity Monitoring	\$500,000	\$500,000	\$500,000	\$0
Total	\$500,000	\$500,000	\$500,000	\$0

Drinking Water Declaration of Emergency Reserve Fund
Public Act 268 of 2016

Appropriated: \$53,900,000

Public Act 268 of 2016 appropriated \$18.9 million to the Drinking Water Declaration of Emergency Reserve Fund.

Public Act 340 of 2016 increased the original appropriation by an additional \$10.0 million.

Public Act 107 of 2017 increased the appropriation an additional \$25.0 million.

Authorized Uses: Sections 901 and 902

Section 901: The Drinking Water Declaration of Emergency Reserve Fund is created within the State treasury. Funds may only be spent from the Drinking Water Declaration of Emergency Reserve Fund upon appropriation or legislative transfer.

Section 902: DTMB may contract with an integrity oversight monitor to ensure legal compliance, detect misconduct, and promote best practices in the expenditure of the funds appropriated under part 1 as determined by DTMB. The integrity oversight monitor shall supplement this State's existing compliance control mechanisms to prevent the inefficient expenditure of State funds.

Exhibit 10
(Continued)

Drinking Water Declaration of Emergency
Summary of Emergency Reserve Fund Withdrawals
As of September 30, 2019

Budget Area/Program/Authorization	FY 2015-16 Year-to-Date	FY 2016-17 Year-to-Date	FY 2017-18 Year-to-Date	FY 2018-19 Year-to-Date
Agriculture and Rural Development				
Placeholder (PA 107 of 2017, Article I)	\$0	\$0	\$100	\$0
Education				
Placeholder (PA 268 of 2016, PA 107 of 2017, and PA 207 of 2018: Article VI)	0	100	100	100
Environmental Quality				
Placeholder (PA 268 of 2016, PA 107 of 2017, PA 207 of 2018: Article VII)	0	100	100	100
Water distribution system optimization study (PA 340 of 2016)	477,000	0	0	0
Flint water plant technical assistance/training (PA 340 of 2016)	0	1,464,400	0	0
Genesee County back-up water plant pipe costs (PA 107 of 2017, Article XX)	0	3,300,000	0	0
Residential water testing (Leg. transfer request 2018-1)	0	0	1,500,000	0
Integrity oversight monitoring (Leg. transfer request 2018-1)	0	0	700,000	0
Service line replacements (PA 207 of 2018, Article XX)	0	0	2,000,000	0
Health and Human Services				
Placeholder (PA 268 of 2016, PA 107 of 2017, PA 207 of 2018: Article X)	0	100	100	100
Michigan Works!/Flint CORE training programs (Leg. transfer request 2018-1)	0	0	7,500,000	0
Licensing and Regulatory Affairs				
Placeholder (PA 107 of 2017, Article XIII)	0	0	100	0
Military and Veterans Affairs				
Support for National Guard deployment (PA 340 of 2016)	500,000	0	0	0
School Aid				
Placeholder (PA 249 of 2016, PA 108 of 2017, PA 265 of 2018: Article I)	0	100	100	100
Flint community schools: nurses/social workers (Leg. transfer request 2017-5)	0	1,292,500	0	0
Genesee ISD: literacy/nutritional services (Leg. transfer request 2017-5)	0	1,195,000	0	0
State Police				
Funds for water, warehousing, transport, logistics (PA 107 of 2017, Article XX)	0	3,908,100	0	0
Integrity oversight monitoring (PA 107 of 2017, Article XX)	0	500,000	0	0
Talent and Economic Development				
Placeholder (PA 207 of 2018, Article VIII)	0	0	0	100
Technology, Management, and Budget				
Placeholder (PA 207 of 2018, Article VIII)	0	0	0	100
Treasury				
Placeholder (PA 268 of 2016, Article VIII; PA 201 of 2017; PA 207 of 2018, Article VIII)	0	100	100	100
Bottled water purchases/distribution/warehousing (PA 107 of 2017, Article XX)	0	4,000,000	0	0
UM-Flint costs for water emergency (PA 107 of 2017, Article XX)	0	400,000	0	0
Integrity oversight monitoring (Leg. transfer requests 2017-1 and 2018-8)	0	300,000	500,000	0
Bottled water purchases/distribution/warehousing (Leg. transfer request 2017-5)	0	2,400,000	0	0
Bottled water purchases/distribution/warehousing (Leg. transfer request 2017-7)	0	7,300,000	0	0
Service line replacements (Leg. transfer requests 2018-3 and 2019-1)	0	0	9,000,000	5,613,000
Genesee County register of deeds water line records (PA 207 of 2018, Article XX)	0	0	50,000	0
Total Flint Drinking Water Emergency Reserve Fund Withdrawals	\$977,000	\$26,060,500	\$21,250,700	\$5,613,700
Cumulative Reserve Fund Appropriations				\$53,900,000
Cumulative Reserve Fund Withdrawals (excluding 19 unexpended \$100 placeholders)				(\$53,900,000)
Reserve Fund Balance				\$0

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO. In addition, the Senate Fiscal Agency provided its Drinking Water Declaration of Emergency Summary of Emergency Reserve Fund Withdrawals as of September 30, 2019 for inclusion in this report (this summary is unaudited).

FLINT EMERGENCY EXPENDITURESSummary of Flint Emergency Expenditures by Appropriations Act and Department
As of September 30, 2021

Appropriations Act/Department	Amount Appropriated	Total Expenditures	Lapsed Appropriations	Remaining as of September 30, 2021
Public Act 143 of 2015 - October 15, 2015				
Environmental Quality	\$ 7,300,000	\$ 7,300,000	\$ 0	\$ 0
Health and Human Services	1,850,000	1,850,000	0	0
Licensing and Regulatory Affairs	200,000	199,606	394	0
Subtotal	\$ 9,350,000	\$ 9,349,606	\$ 394	\$ 0
Public Act 3 of 2016 - January 29, 2016				
Education	\$ 2,685,000	\$ 2,685,000	\$ 0	\$ 0
Environmental Quality	5,786,500	5,786,500	0	0
Health and Human Services	15,457,000	12,804,905	2,652,095	0
Licensing and Regulatory Affairs (1)	2,000,000	1,660,000	0	0
Military and Veterans Affairs	2,000,000	2,000,000	0	0
State Police	100,000	9,043	90,957	0
Subtotal	\$ 28,028,500	\$ 24,945,448	\$ 2,743,052	\$ 0
Public Act 24 of 2016 - February 26, 2016				
Treasury	\$ 30,000,000	\$ 30,000,000	\$ 0	\$ 0
Subtotal	\$ 30,000,000	\$ 30,000,000	\$ 0	\$ 0
Public Act 249 of 2016 - June 27, 2016				
Education	\$ 19,342,500	\$ 19,342,500	\$ 0	\$ 0
Legislative Transfer 2017-5 – Section 11s	2,487,500	2,487,500	0	0
Subtotal	\$ 21,830,000	\$ 21,830,000	\$ 0	\$ 0
Public Act 268 of 2016 - June 29, 2016				
Attorney General	\$ 3,900,000	\$ 3,900,000	\$ 0	\$ 0
Education	33,650,100	26,314,658	7,335,442	0
Environmental Quality	13,750,100	13,750,100	0	0
Health and Human Services	29,928,100	21,778,102	8,150,000	0
Natural Resources	250,000	250,000	0	0
State Police	6,000,000	6,000,000	0	0
Disaster and Emergency Contingency Fund	10,000,000	10,000,000	0	0
Treasury	14,130,000	13,117,844	1,012,156	0
Legislative Transfer 2017-1	300,000	300,000	0	0
Legislative Transfer 2017-5	2,400,000	2,400,000	0	0
Legislative Transfer 2017-7	7,300,000	7,300,000	0	0
Subtotal	\$121,608,300	\$105,110,704	\$ 16,497,598	\$ 0
Public Act 340 of 2016 - December 14, 2016				
Environmental Quality	\$ 27,617,000	\$ 27,508,923	\$ 108,078	\$ 0
Licensing and Regulatory Affairs (1)	(340,000)	N/A	N/A	N/A
Military and Veterans Affairs	500,000	476,834	23,166	0
Subtotal	\$ 27,777,000	\$ 27,985,757	\$ 131,244	\$ 0
Public Act 107 of 2017 - July 14, 2017				
Attorney General	\$ 2,600,000	\$ 2,599,980	\$ 20	\$ 0
Environmental Quality	3,300,000	3,300,000	0	0
Legislative Transfer 2018-1	2,200,000	1,442,741	0	757,259
Health and Human Services	14,041,700	10,728,293	3,313,308	99
Legislative Transfer 2018-1	7,500,000	4,211,154	0	3,288,846
State Police	3,908,100	2,711,816	1,113,548	82,736
Disaster and Emergency Contingency Fund	4,000,000	1,545,021	0	2,454,979
Technology, Management, and Budget	500,000	500,000	0	0

Exhibit 11
(Continued)

Appropriations Act/Department	Amount Appropriated	Total Expenditures	Lapsed Appropriations	Remaining as of September 30, 2021
Public Act 107 of 2017 - July 14, 2017, continued				
Treasury	\$ 4,400,000	\$ 4,400,000	\$ 0	\$ 0
Legislative Transfer 2018-3	9,000,000	9,000,000	0	0
Legislative Transfer 2018-8	500,000	500,100	0	(100)
Subtotal	\$ 51,949,800	\$ 40,939,105	\$ 4,426,876	\$ 6,583,819
Public Act 108 of 2017 - July 14, 2017				
Education	\$ 8,730,000	\$ 8,730,000	\$ 0	\$ 0
Subtotal	\$ 8,730,000	\$ 8,730,000	\$ 0	\$ 0
Public Act 207 of 2018 - June 21, 2018				
Attorney General	\$ 2,600,000	\$ 790,446	\$ 1,809,554	\$ 0
Environmental Quality	20,000,000	20,000,000	0	0
Health and Human Services	4,621,100	4,620,999	100	0
Treasury	50,000	50,000	0	0
Legislative Transfer 2019-1	5,613,000	5,194,790	0	418,210
Subtotal	\$ 32,884,100	\$ 30,656,235	\$ 1,809,654	\$ 418,210
Public Act 265 of 2018 - June 28, 2018				
Education	\$ 7,369,600	\$ 7,254,477	\$ 0	\$ 115,123
Subtotal	\$ 7,369,600	\$ 7,254,477	\$ 0	\$ 115,123
Public Act 56 of 2019 - September 29, 2019				
Attorney General	\$ 2,600,000	\$ 1,970,023	\$ 629,977	\$ 0
Subtotal	\$ 2,600,000	\$ 1,970,023	\$ 629,977	\$ 0
Public Act 58 of 2019 - September 30, 2019				
Education	\$ 8,075,000	\$ 8,075,000	\$ 0	\$ 0
Subtotal	\$ 8,075,000	\$ 8,075,000	\$ 0	\$ 0
Public Act 67 of 2019 - September 30, 2019				
Health and Human Services	\$ 4,621,100	\$ 3,992,904	\$ 0	\$ 628,196
Subtotal	\$ 4,621,100	\$ 3,992,904	\$ 0	\$ 628,196
Public Act 165 of 2020 - September 30, 2020				
Education	\$ 8,075,000	\$ 4,788,711	\$ 0	\$ 3,286,289
Subtotal	\$ 8,075,000	\$ 4,788,711	\$ 0	\$ 3,286,289
Public Act 166 of 2020 - September 30, 2020				
Attorney General	\$ 2,643,900	\$ 2,158,328	\$ 485,572	\$ 0
Education	1,000,000	0	0	1,000,000
Health and Human Services	4,621,000	2,236,276	0	2,384,724
Subtotal	\$ 8,264,900	\$ 4,394,604	\$ 485,572	\$ 3,384,724
Total	\$371,163,300	\$330,022,574	\$ 26,724,367	\$14,416,361

(1) Public Act 340 of 2016 reduced the original appropriation of \$2,000,000 to \$1,660,000. LARA informed us that the \$340,000 was not needed.

Source: The OAG prepared this exhibit based on the specified Public Acts and information obtained from MAIN, SIGMA, and SBO.

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We reviewed MDE's and MDHHS's corrective action plans and the grant agreements for fiscal year 2022. Also, for:

- Finding 1, we:
 - Interviewed MDE personnel to obtain information regarding MDE's processes and procedures for monitoring FCS's use of school social worker funding.
 - Reviewed the fiscal year 2022 grant agreement between MDE and FCS to determine whether it included expenditure reporting requirements for increased monitoring of social worker funding.
 - Met with MDE personnel to gain an understanding of its process to collect unsupported or improper grant charges.
 - Reviewed the fiscal year 2021 FCS School Social Worker Grant Intervention Services Report to determine whether the report included information required by the appropriations act boilerplate.
- Finding 2, we:
 - Interviewed MDE personnel to obtain information regarding MDE's processes and procedures for monitoring FFFH's use of its grant for nutrition assistance to Flint residents.
 - Reviewed the fiscal year 2021 and 2022 grant agreements between MDE and FFFH to determine whether they included additional expenditure reporting requirements for increased monitoring of the nutritional service program provided to Flint residents.
 - Met with MDE personnel to gain an understanding of its process to collect unsupported or improper grant charges.
 - Reviewed monthly expenditure reports and supporting documentation MDE obtained for FFFH grant expenditures from July 2021 through September 2021 and January 2022 through July 2022 to determine the sufficiency of MDE's oversight.

- Finding 3, we:
 - Interviewed MDE personnel to obtain information regarding MDE's processes and procedures for monitoring FBEM's use of its grant for nutrition assistance to Flint residents.
 - Reviewed the fiscal year 2021 and 2022 grant agreement between MDE and FBEM to determine whether it included additional expenditure reporting requirements for increased monitoring of the nutritional service program provided to Flint residents.
 - Met with MDE personnel to gain an understanding of its process to collect unsupported or improper grant charges.
 - Reviewed supporting documentation MDE obtained related to fiscal year 2021 FBEM disbursements to determine the level of MDE's oversight of funds disbursed.
- Finding 4, part a., we:
 - Met with MDHHS personnel to gain an understanding of its review during the on-site visits at FCS schools.
 - Reviewed MDHHS's on-site review reports to determine if MDHHS evaluated the FCS schools that did not have a site review completed during the prior audit.
- Finding 4, part b., we:
 - Reviewed the fiscal year 2021 and 2022 interagency agreement between MDE and MDHHS for the transfer of funding for the FCS school nursing program to gain an understanding of expenditure oversight and reporting responsibilities.
 - Interviewed MDHHS personnel to gain an understanding of the FSR expenditure review.
 - Analyzed four quarterly FSRs for July 2021 through June 2022 and the corresponding expenditure detail reports to determine the sufficiency of the detail used to substantiate the use of the funds reported on the FSRs.

PERIOD

Our follow-up generally covered July 1, 2021 through June 30, 2022.

**AGENCY
RESPONSES**

Our follow-up report contains 3 recommendations. MDE's and MDHHS's preliminary responses indicate that they agree with the recommendations.

The agency preliminary responses to the follow-up recommendations in our report were taken from the agencies' written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

AG	Department of Attorney General.
agency plan to comply	The response required by Section 18.1462 of the <i>Michigan Compiled Laws</i> and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100). The audited agency is required to develop a plan to comply with Office of the Auditor General audit recommendations and to submit the plan to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.
CHAP	Children's Healthcare Access Program.
CORE	Community Outreach and Education.
DECF	Disaster and Emergency Contingency Fund.
DEQ	Department of Environmental Quality. The name was changed to the Department of Environment, Great Lakes, and Energy under Executive Order No. 2019-6 on April 22, 2019.
DMVA	Department of Military and Veterans Affairs.
DNR	Department of Natural Resources.
DTMB	Department of Technology, Management, and Budget.
EGLE	Department of Environment, Great Lakes, and Energy, formerly known as the Department of Environmental Quality. This change occurred under Executive Order No. 2019-6 on April 22, 2019.
EO	Early On.
FBEM	Food Bank of Eastern Michigan.
FCS	Flint Community Schools.

FFFH	Flint Fresh Food Hub.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules of an audited entity are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
Flint YMCA	YMCA of Greater Flint.
FSR	financial status report.
GCDC	Genesee County Drain Commission.
GF	General Fund.
GISD	Genesee Intermediate School District.
GLWA	Great Lakes Water Authority.
IT	information technology.
LARA	Department of Licensing and Regulatory Affairs.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDE	Michigan Department of Education.
MDHHS	Michigan Department of Health and Human Services.
Michigan Administrative Information Network (MAIN)	The State's automated administrative management system that supported accounting, purchasing, and other financial management activities through fiscal year 2017.
MSP	Michigan Department of State Police.

MTA	Mass Transportation Authority.
OAG	Office of the Auditor General.
OFM	Office of Financial Management.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
POD	Points of Distribution.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
SBO	State Budget Office.
SCHIP	State Children's Health Insurance Program, currently known as the Children's Health Insurance Program (CHIP).
Statewide Integrated Governmental Management Applications (SIGMA)	The State's enterprise resource planning business process and software implementation that support budgeting, accounting, purchasing, human resource management, and other financial management activities.
TANF	Temporary Assistance for Needy Families.
Treasury	Department of Treasury.



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