



OAG

Office of the Auditor General

Report Summary

*Performance Audit
Flint Water Service Line Replacement
Expenditures
Department of Environment, Great Lakes,
and Energy (EGLE)*

Report Number:
761-3017-22

Released:
January 2023

On March 28, 2017, a U.S. district judge approved a settlement agreement requiring the State to allocate \$87 million and set aside an additional \$10 million in reserves to pay for the replacement of residential lead and galvanized water service lines in the City of Flint. The agreement required the State to request the OAG to conduct annual "financial" and performance audits of EGLE's administration of the payments or reimbursements described in paragraph 23 of the agreement. This performance audit addresses these requirements and is our fifth report on the expenditures of these funds.

Audit Objective			Conclusion
Objective 1: To determine the appropriateness of EGLE's administrative process to issue payments or reimbursements for the Flint water service line replacements.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

Audit Objective			Conclusion
Objective 2: To determine the appropriateness of EGLE's expenditure of the Flint water service line replacement appropriations as of July 31, 2022.			Appropriate
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Of 132 addresses reviewed with City of Flint water service lines, 110 addresses had service lines replaced or already had copper pipe composition; 21 addresses either did not have active water accounts, declined service, or were nonresponsive to scheduling attempts; and one address had yet to be scheduled (<u>Observation 1</u>).	Not applicable for observations.		
Map Related to This Audit Objective			
City of Flint Map With Sampled Addresses			

Audit Objective			Conclusion
Objective 3: To report EGLE's expenditures of the Flint water service line replacement appropriations.			Information provided
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		
Exhibits Related to This Audit Objective			
<u>Exhibit 1</u> - Allocations Required by the Settlement Agreement <u>Exhibit 2</u> - Expenditures of Appropriations - EGLE <u>Exhibit 3</u> - Expenditures of Appropriations - Department of Treasury <u>Exhibit 4</u> - Expenditures of Appropriations - Michigan Department of Health and Human Services <u>Exhibit 5</u> - Summary of Replacements and Excavations by Phase <u>Exhibit 6</u> - Summary of Replacements and Excavations by Zip Code <u>Exhibit 7</u> - Summary of the City of Flint's Contractors			

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