

# Office of the Auditor General

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

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## **Michigan Justice Training Fund**

Michigan Commission on Law Enforcement Standards  
Michigan Department of State Police

Fiscal Years Ended September 30, 2022 and September 30, 2021

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

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

*Article IV, Section 53 of the Michigan Constitution*

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Office of the Auditor General

## Report Summary

*Financial Audit Including Report on Internal Control, Compliance, and Other Matters  
Michigan Justice Training Fund (MJTF)  
Michigan Commission on Law Enforcement Standards (MCOLES)  
Michigan Department of State Police (MSP)  
Fiscal Years Ended September 30, 2022 and  
September 30, 2021*

**Report Number:**  
**551-0101-23**

**Released:**  
**September 2023**

MJTF was created within the State's General Fund to provide funds for training law enforcement officials and others in the criminal justice community. We conducted this financial audit in accordance with Section 18.429 of the *Michigan Compiled Laws*.

### Auditor's Report Issued

UNMODIFIED OPINION

MODIFIED OPINION

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

Findings Related to Internal Control, Compliance, and Other Matters	Material Weakness	Significant Deficiency	Agency Preliminary Response
MSP did not record a \$758,483 year-end revenue accrual in the MJTF financial schedule ( <a href="#">Finding 1</a> ).	X		Agrees

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

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

September 28, 2023

Sheriff Gregory Zyburt, Chair  
Michigan Commission on Law Enforcement Standards  
927 Centennial Way  
Lansing, Michigan  
and  
Colonel Joseph Gasper, Director  
Michigan Department of State Police  
7150 Harris Drive  
Dimondale, Michigan

Sheriff Zyburt and Colonel Gasper:

This is our report on the financial audit including the report on internal control, compliance, and other matters of the Michigan Justice Training Fund, Michigan Commission on Law Enforcement Standards, Michigan Department of State Police, for the fiscal years ended September 30, 2022 and September 30, 2021. We conducted this financial audit in accordance with Section 18.429 of the *Michigan Compiled Laws*.

Your agency provided the preliminary response to the recommendation at the end of our fieldwork. 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 this audit.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive style.

Doug Ringler  
Auditor General



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# INDEPENDENT AUDITOR'S REPORT



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

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

Sheriff Gregory Zyburt, Chair  
Michigan Commission on Law Enforcement Standards  
927 Centennial Way  
Lansing, Michigan  
and  
Colonel Joseph Gasper, Director  
Michigan Department of State Police  
7150 Harris Drive  
Dimondale, Michigan

## Report on the Audit of the Financial Schedule

### **Opinion**

We have audited the accompanying financial schedule of the Michigan Justice Training Fund (Fund), Michigan Commission on Law Enforcement Standards, Michigan Department of State Police, for the fiscal years ended September 30, 2022 and September 30, 2021 and the related notes to the financial schedule as listed in the table of contents.

In our opinion, the accompanying financial schedule referred to above presents fairly, in all material respects, the sources and uses of the Michigan Justice Training Fund for the fiscal years ended September 30, 2022 and September 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Emphasis of Matter**

As described in Note 1, the financial schedule presents only the sources and uses of the Fund. Accordingly, this schedule does not purport to, and does not, present a complete financial presentation of the Michigan Commission on Law Enforcement Standards or the State's General Fund as of September 30, 2022 and September 30, 2021 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2023 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



Doug Ringler  
Auditor General  
August 23, 2023



MICHIGAN JUSTICE TRAINING FUND  
FINANCIAL SCHEDULE

MICHIGAN JUSTICE TRAINING FUND  
Michigan Commission on Law Enforcement Standards  
Michigan Department of State Police

Schedule of Sources and Uses of the Michigan Justice Training Fund  
Fiscal Years Ended September 30

	2022	2021
<b>SOURCES</b>		
Carried forward balances from prior year	\$ 5,020,590	\$ 3,988,678
Revenues:		
Court fines, fees, and assessments (Note 2)	3,732,781	3,459,287
Other miscellaneous revenue	43,969	9,433
Total sources	\$ 8,797,340	\$ 7,457,398
 <b>USES</b>		
Distributions and grant expenditures (Note 3):		
Law enforcement distributions	\$ 1,959,403	\$ 2,097,077
Competitive grant expenditures	635,842	281,088
Administrative expenditures	-	58,643
Total uses	\$ 2,595,245	\$ 2,436,808
 Balances carried forward:		
Restricted revenues - Not authorized or used (Note 4)	\$ 6,202,095	\$ 5,020,590

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

## NOTES TO THE FINANCIAL SCHEDULE

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### Note 1

#### Significant Accounting Policies

a. Reporting Entity

The accompanying financial schedule reports the sources and uses of the Michigan Justice Training Fund (MJTF), Michigan Commission on Law Enforcement Standards (MCOLES), Michigan Department of State Police (MSP), for the fiscal years ended September 30, 2022 and September 30, 2021. The financial transactions of MJTF are accounted for in the State's General Fund as a restricted subfund and are reported on in the *State of Michigan Annual Comprehensive Financial Report (SOMACFR)*.

These notes relate directly to the financial schedule. The *SOMACFR* provides more extensive disclosures regarding the State's significant accounting policies; budgeting, budgetary control, and legal compliance; pension benefits; and other postemployment benefits.

b. Measurement Focus, Basis of Accounting, and Presentation

The financial schedule contained in this report is presented using the current financial resources measurement focus and the modified accrual basis of accounting, as provided by accounting principles generally accepted in the United States of America. Under the modified accrual basis of accounting, revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred.

The financial schedule presents only the sources and uses for MJTF's accounts. Accordingly, the financial schedule does not purport to, and does not, constitute a complete financial presentation of either MCOLES or the State's General Fund in accordance with accounting principles generally accepted in the United States of America.

### Note 2

#### Court Fines, Fees, and Assessments

MJTF receives distributions from the Justice System Fund, based on fines, fees, and assessments collected by the Michigan courts, as outlined in Section 600.181 of the *Michigan Compiled Laws*. These revenues are authorized for expenditure up to the amount appropriated.

**Note 3**Expenditures

Section 18.423 of the *Michigan Compiled Laws* provides for the distribution of MJTF. Semiannually, MCOLES distributes on a per capita basis 60% of MJTF revenues, plus amounts returned from prior year distributions, to law enforcement agencies for in-service criminal justice training of their law enforcement officers. Also, annually, MCOLES calculates competitive grant awards for the remaining MJTF revenues, less administrative costs, plus amounts recovered from disallowed prior year competitive grant award expenditures and relinquished prior year competitive grant award obligations. MCOLES distributes competitive grant awards on a reimbursement basis to State and local agencies providing in-service criminal justice training programs for employees of criminal justice entities. Solicitations for grant applications are typically made available in March. Pursuant to Section 18.422 of the *Michigan Compiled Laws*, this funding will be carried forward and distributed in the future competitive grant cycles. MSP and the other State agencies record revenues received from MJTF and related expenditures in their department General Fund accounts. Funding of the administrative costs for fiscal year 2022 and fiscal year 2021 was provided by Section 333.27603 of the *Michigan Compiled Laws* to enhance funding availability for future competitive grant awards.

**Note 4**Balances Carried Forward: Restricted Revenues - Not Authorized or Used

These are unspent MJTF revenues that, by statute, are restricted to MJTF programs. These balances are subject to legislative appropriation before they can be expended in future years. The components of the carry-forward include unobligated current year revenue, undistributed competitive grant award obligations, amounts recovered from disallowed prior year competitive grant award expenditures, and relinquished prior year competitive grant award obligations.



# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE



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

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

Sheriff Gregory Zyburt, Chair  
Michigan Commission on Law Enforcement Standards  
927 Centennial Way  
Lansing, Michigan  
and  
Colonel Joseph Gasper, Director  
Michigan Department of State Police  
7150 Harris Drive  
Dimondale, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial schedule of the Michigan Justice Training Fund (Fund), Michigan Commission on Law Enforcement Standards, Michigan Department of State Police, for the fiscal years ended September 30, 2022 and September 30, 2021 and the related notes to the financial schedule and have issued our report thereon dated August 23, 2023.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Finding 1 in the body of our report, we identified a deficiency in internal control that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

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

### **Agency's Response to Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on the Agency's preliminary response to the finding identified in our audit. The response is included after the finding. The response was not subjected to the other auditing procedures applied in the audit of the financial schedule and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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



Doug Ringler  
Auditor General  
August 23, 2023



# FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

## FINDING 1

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### Improvements needed to ensure completeness of year- end revenue accruals.

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The Michigan Department of State Police (MSP) did not ensure revenues distributed to the Michigan Justice Training Fund\* (MJTF) in October 2022 were recorded to the proper fiscal year.

Section 18.1485 of the *Michigan Compiled Laws* states each department shall establish and maintain an internal accounting and administrative control system using generally accepted accounting principles\* (GAAP). Also, Section 1600.106 of the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the Governmental Accounting Standards Board, requires governments to recognize revenues in the period in which they become susceptible to accrual, which is when they become both measurable and available to finance expenditures of the fiscal period. In accordance with the State of Michigan Financial Management Guide (Part II, Chapter 1, Section 200), revenue is considered available and should be recorded as accrued revenue if the payer incurs the obligation to the State before year-end and payment is received within 60 days of year-end.

We noted MSP did not record a year-end revenue accrual entry for fiscal year 2022. Instead, the \$758,483 of court fines, fees, and assessments revenue distributed to MJTF in October 2022 was recorded as fiscal year 2023 revenue. However, our examination of the detailed remittances obtained through the Michigan Department of Treasury confirmed all amounts related to pre-October 2022 court activity. The financial schedule presented on page 12 of this report was corrected by MSP to reflect the correct fiscal year 2022 amount.

MSP informed us that it performed an analysis of the monthly revenue distributions and believed this revenue related to October 2022 court activity. As a result, it did not record the necessary adjusting entry to accrue the revenue to fiscal year 2022.

We consider this finding to be a material weakness because of the significant dollar impact to the fiscal year 2022 MJTF financial schedule prior to correction and risk of misstatement in subsequent years.

## RECOMMENDATION

We recommend MSP ensure revenues distributed to MJTF are recorded to the proper fiscal year.

## AGENCY PRELIMINARY RESPONSE

MSP provided us with the following response:

*MSP agrees with the recommendation. Due to a statute change in September 2022 regarding the distribution of Justice System funds, MSP performed an analysis of the following: the statute change; the distribution from Treasury on a cash basis; other State departments on a cash basis for their distribution from the*

\* See glossary at end of report for definition.

*fund; carry-forward authority; the inability to develop an appropriate estimation methodology; whether the Financial Management Guide allowed receivables from other State departments; and the assumption that the distributions were all for the current period. The analysis resulted in MSP changing the methodology to record revenue on a cash basis.*

*During the course of the audit, it was determined that revenue received by Treasury in October 2022 was revenue for fiscal year 2022. MSP corrected the financial schedules to reflect the correct fiscal year 2022 amount.*

*Based on further analysis of the distribution of court revenue received by Treasury to multiple departments, it was determined that prospectively, Treasury will record the receivable for the October distribution for all agencies in their respective funds and record the accompanying reversal in the new year rather than each agency doing this separately.*

## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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<b>competitive grants</b>	The distribution of 40% of the Michigan Justice Training Fund, less administrative costs, to State and local agencies providing in-service criminal justice training programs based on a review of submitted applications.
<b>criminal justice entities</b>	The entities involved in the criminal justice process, including law enforcement agencies, prosecutors, criminal defense counsel, courts, and correctional entities.
<b>deficiency in internal control over financial reporting</b>	The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
<b>financial audit</b>	An audit that is designed to provide reasonable assurance about whether the financial schedules of an audited entity are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
<b>generally accepted accounting principles (GAAP)</b>	A technical accounting term that encompasses the conventions, rules, guidelines, and procedures necessary to define accepted accounting practice at a particular time; also cited as "accounting principles generally accepted in the United States of America."
<b>internal control</b>	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
<b>law enforcement distribution</b>	The distribution of 60% of the Michigan Justice Training Fund, made semiannually, on a per full-time equated basis to eligible entities based on the number of full-time equated law enforcement officers employed by the eligible entities.
<b>material misstatement</b>	A misstatement in the financial schedules that causes the schedules to not present fairly the financial position or the changes in financial position, and, where applicable, cash flows thereof, in accordance with the applicable financial reporting framework.
<b>material weakness in internal control over financial reporting</b>	A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material



misstatement of the financial schedules will not be prevented, or detected and corrected, on a timely basis.

**MCOLES**

Michigan Commission on Law Enforcement Standards.

**Michigan Justice Training Fund (MJTF)**

A fund created within the State's General Fund used to provide funds for training law enforcement officials and others in the criminal justice community.

**modified opinion**

A qualified opinion, an adverse opinion, or a disclaimer of opinion.

**MSP**

Michigan Department of State Police.

**significant deficiency in internal control over financial reporting**

A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**SOMACFR**

*State of Michigan Annual Comprehensive Financial Report.*

**unmodified opinion**

The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes that the financial schedules are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.







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