



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN VETERAN HOMES
LANSING

ANNE ZERBE
EXECUTIVE DIRECTOR

March 20, 2023

Mr. Rick Lowe, Chief Internal Auditor
State Budget Office
Office of Internal Audit Services
George W. Romney Building
111 South Capitol Avenue, 7th Floor
Lansing, Michigan 48913

Dear Mr. Lowe,

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed is our final corrective action plan to address recommendations contained within the Office of the Auditor General report of the Michigan Department of Military and Veterans Affairs report for the Michigan Veterans' Facility Authority (511-0101-22).

Questions regarding the corrective action plan should be directed to me by email at zerbeal@michigan.gov.

Sincerely,

Anne Zerbe

Anne Zerbe, Executive Director

Enclosure (1)

c: Representative Angela Witwer, Chair, House Appropriations
Senator Sarah Anthony, Chair, Senate Appropriations
Mary Ann Cleary, House Fiscal Agency
Kathryn Summers, Senate Fiscal Agency
Mark Freeman, Office of the Auditor General
JoAnne Huls, Executive Office
Trish Foster, Executive Office
Maria Martinez, Executive Office
Christine Apostol, DMVA
Phillip Jeffery, DTMB

**Michigan Department of Military and Veteran Affairs: Michigan Veterans
Facility Authority, Michigan Veteran Homes**

**Financial audit report on the Annual Comprehensive Financial Report for
Fiscal Year Ended September 30, 2021**

Project Number: 511-0101-22

Issued By OAG

Issued December 29, 2022

Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees			1	
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding: Improvements needed to completeness and accuracy of accounting information.

Recommendation: We recommend that Michigan Veterans' Facility Authority (MVFA) improve internal controls to help ensure the completeness and accuracy of accounting information. The OAG noted:

- a) MVFA did not have sufficient controls over cash.
- b) MVFA has not fully developed written procedures related to billings, cash reconciliations, and cash receipting.
- c) MVFA did not properly classify compensated absences in its financial statements.
- d) MVFA did not timely review high-risk activity reports to ensure that users performed only authorized bypass and override actions in the Statewide Integrated Governmental Management Applications (SIGMA).

Related IT system, if applicable: SIGMA

Department Response

Management Views: Department of Technology Management and Budget, Financial Services (DTMB-FS) agrees to further improve internal controls to help ensure the completeness and accuracy of accounting information.

Planned Corrective Action and Milestones (Management Response):

- a) DTMB-FS will comply with the issue noted by September 30, 2023. DTMB-FS will complete all cash reconciliations of MVFA's depository accounts up to date by September 30, 2023. Since this audit, DTMB-FS has completed cash reconciliations of the Michigan Veteran Homes at Chesterfield Township depository bank accounts. DTMB-FS will complete all cash reconciliations of the Michigan Veteran Homes at Grand Rapids depository bank accounts by September 30, 2023.
- b) DTMB-FS has partially complied with this issue noted. Since the audit, DTMB-FS developed written procedures related to cash reconciliations and cash receipting. DTMB-FS will fully develop written procedures for current processes related to billings by September 30, 2023. DTMB-FS, with support and input from MVH, will undergo a process mapping session for the medical billings to analyze current processes and identify opportunities for improvement. Following the mapping sessions, DTMB-FS will develop enhanced written procedures related to billings.
- c) DTMB-FS has complied with this issue noted. DTMB-FS corrected the misstatement after receiving a waiver from the Office of Financial Management to report its financial statements differently than as presented in the *State of Michigan Annual Comprehensive Financial Report* as noted in the report.
- d) DTMB-FS has complied with this issue noted as of August 26, 2022. DTMB-FS immediately, after the issue was identified, reinstated processes to review transactions that have been bypassed and overridden in SIGMA and perform tasks according to the requirements.

Anticipated Compliance Date: September 30, 2023

Responsible Individual: Jackie Huhn, DTMB