



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

JENNIFER L. FLOOD
DIRECTOR

August 22, 2025

MEMORANDUM

TO: Office of Internal Audit Services
State Budget Office

FROM: Heather Boyd, Director *HB*
Office of Financial Management

SUBJECT: FY2024 Statewide Single Audit Corrective Action Plan

In accordance with the State of Michigan Financial Management Guide, Part VII, Chapter 3, attached is a summary table identifying the responses and corrective action plans to address recommendations contained within the Office of the Auditor General's State of Michigan Single Audit Report for the fiscal year ended September 30, 2024.

Questions regarding the summary table or corrective action plans should be directed to Derek Childs, Statewide Single Audit Coordinator, at ChildsD5@michigan.gov.

Attachment

cc: Executive Office
Doug Ringler, Auditor General
Matt Hall, Speaker of the House
Ranjeev Puri, House Minority Leader
Winnie Brinks, Senate Majority Leader
Aric Nesbitt, Senate Minority Leader
Jennifer Flood, State Budget Director
Kyle Guarrant, Deputy State Budget Director
Shawna Hessling, Director, Accounting and Financial Reporting Division 1
Derek Childs, Statewide Single Audit Coordinator
House Fiscal Agency
Senate Fiscal Agency
Chief Financial Officers
Chief Accountants

**State of Michigan
Single Audit Report
Summary of Agency Responses to Recommendations
Fiscal Year Ended September 30, 2024**

1. Audit Recommendations the agency has complied with:

2024-004, 2024-008, 2024-017, 2024-018, 2024-019, 2024-024, 2024-026, 2024-031, 2024-032, 2024-041, 2024-043, 2024-047, 2024-052, 2024-054

2. Audit Recommendations the agency will comply with:

2024-001, 2024-003, 2024-005 (parts a., b., d., f., and g.), 2024-006*, 2024-007, 2024-009, 2024-010, 2024-011, 2024-012 (parts a., b.***, and c.) 2024-013, 2024-014, 2024-015, 2024-016, 2024-020, 2024-021, 2024-022, 2024-023, 2024-025, 2024-027*, 2024-028*, 2024-029, 2024-030, 2024-033, 2024-034, 2024-035, 2024-036, 2024-037*, 2024-038, 2024-039, 2024-040, 2024-042, 2024-044, 2024-045, 2024-046, 2024-048 (part b.), 2024-049, 2024-050, 2024-051, 2024-053, 2024-055, 2024-056, 2024-057

3. Audit Recommendations the agency disagrees with and will not comply with:

2024-002, 2024-005 (parts c. and e.), 2024-012 (part b.**), 2024-048 (part a.)

4. Audit Recommendations Related to Other Audits:

2024-058, 2024-059, 2024-060

These findings related to major programs that were audited by other auditors and were brought forward by the Office of the Auditor General into the audit report. As these findings were not directly addressed to the State Budget Office, we did not obtain corrective action plans for the findings related to them.

*The agency disagrees or partially agrees with the finding but agrees to comply or has complied with the recommendation.

**The agency disagrees with 23 of the 27 exceptions in part b. of the finding and does not intend to take further action related to these exceptions. The agency will comply with the recommendation to address the remainder of part b.

Finding 2024-001
SIGMA High-Risk Activity Monitoring

Management Views

The Department of Labor and Economic Opportunity (LEO) agrees with the finding.

Planned Corrective Action

The LEO Finance Division will implement the following:

1. Updated procedures that ensure completeness of high-risk activity reports by adjusting date parameters of weekly reports.
2. A layer of review by management that oversees the Statewide Integrated Governmental Management Applications (SIGMA) override processes and transactions to ensure appropriateness.
3. A procedure to ensure the adequate retention of management review documents.

Anticipated Completion Date

August 31, 2025

Finding 2024-002
Bridges Interface Controls

Management Views

The Department of Technology, Management, and Budget (DTMB) disagrees with the condition and the effect of the Office of the Auditor General's (OAG) finding. The OAG sampled 85 total files across eight interfaces. Of these, seven appeared to present issues. For five of the sampled files, detailed exception results no longer existed. DTMB maintains summary tables for 10 years and purges detailed exception records at the beginning of each calendar year for anything older than 12 months. This purge process was communicated to the OAG during the fiscal year 2022 audit, and sampling was performed prior to purging for the fiscal year 2023 audit. When informed that the sample included files for which the detailed exception records had been purged, the OAG requested DTMB run a simulation processing of the original interface file in a testing environment to recreate detailed exception records. DTMB's technical teams informed the OAG that rerunning in the current test environment would likely differ from the original results due to code changes that occurred in the test environment subsequent to when the original interface files were run in production. The OAG requested DTMB to proceed with rerunning the files in the current test environment. As a result, the OAG identified five instances where the detailed exception records from the simulation in the test environment did not exactly match the summary table from the original production interface results.

For the 2 remaining files out of 85 (2.4 percent) that were cited, it should be clarified that the reconciliation being discussed is not data that was lost or misplaced between systems, but reconciliation of two exceptions correctly logged and correctly not counted in a summary report because they were alerts during processing, not errors that would be forwarded for review. These results do not present a significant deficiency in the ability of the Michigan Department of Health and Human Services (MDHHS) to review the detailed exceptions. Also, these 2 records are insignificant when compared to the 11.6 million records processed in the 85 sampled files (0.000001 percent). Therefore, the current controls are reasonable to ensure that data

processed from the source system to the receiving system is processed accurately, completely, and timely.

Planned Corrective Action

DTMB disagrees with the finding and does not intend to take further action.

Anticipated Completion Date

Not applicable

Finding 2024-003

Bridges Security Management and Access Controls

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For parts a., b., c., and d., MDHHS implemented the Database Security Application (DSA) on October 2, 2023, which includes documenting incompatible role exception requests and user access request approvals, semi-annual review of privileged users, and annual review for all users. Security management and access control processes will continue to be a standing agenda item for ongoing quarterly training sessions with Local Office Security Coordinators (LOSCs).

For parts a., c., and d., the Access Management Section began conducting quarterly reconciliations of DSA to the Bridges Integrated Automated Eligibility Determination System (Bridges) during the first quarter of fiscal year 2025.

For part b., MDHHS is currently evaluating the feasibility of establishing a quarterly review process to help ensure documentation is maintained for a sample of LOSC monitoring reports. MDHHS anticipates completing the evaluation by September 30, 2025, and will determine an anticipated completion date for implementation, if necessary, at that time.

For part e., MDHHS Local Office Directors, District Managers, or designees review a monthly sample of high-risk Bridges transactions to ensure documentation was properly maintained. Beginning September 2024, MDHHS Business Service Centers (BSC) implemented a monitoring process to ensure monthly reviews are completed by the local offices timely and that the documentation is properly maintained.

Anticipated Completion Date

a., c., d., and e. Completed

b. September 30, 2025

Finding 2024-004

Bridges Change Management Process

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS change control processes require a communication to be sent within three business days after each release that validates the changes to Bridges were applied as expected and this validation is documented and retained as part of the release close-out process. MDHHS added a checklist to immediate releases during April 2025 to help eliminate human error and ensure documentation of all post-implementation approvals is retained for each release.

Anticipated Completion Date

Completed

Finding 2024-005

Income Eligibility and Verification System

Management Views

MDHHS agrees with parts a., b., d., f., and g. of the finding. MDHHS disagrees with parts c. and e. of the finding.

For part c., MDHHS disagrees that a process is not fully established to monitor the electronic notifications provided to county/district office caseworkers to ensure they utilized the Income Eligibility and Verification System (IEVS) information to determine the recipients' eligibility. MDHHS had policies and procedures in effect during fiscal year 2024 to help ensure monitoring of electronic notifications was taking place. Review of IEVS information is fully incorporated into the case read procedure governed by Bridges Administrative Manual 301 and detailed further in desk aids and reading guides. The MDHHS Economic Stability Administration (ESA) provides regular direction and reminders of case read requirements via ESA Memos.

For part e., MDHHS disagrees that IEVS information is required to be requested and obtained for modified adjusted gross income (MAGI) based recipients since eligibility is verified upon determination through the MAGI eligibility determination process and then granted for a 12-month continuous eligibility period. Requesting and obtaining IEVS information throughout the eligibility period would be irrelevant since eligibility is continuous.

Planned Corrective Action

For parts a. and b., MDHHS ESA will continue to provide guidance and trainings to the local office specialists on utilizing the IEVS data timely and appropriately if the data is critical for current eligibility determinations. MDHHS ESA will also continue to review any technical automated solutions of the IEVS data to help ensure its proper utilization and timeliness.

For parts c. and e., MDHHS disagrees with the finding and does not intend to take further action.

For part d., MDHHS is collaborating with other work areas to identify potential solutions to establish and implement IEVS interfaces for adoption subsidies recipients funded by Temporary Assistance for Needy Families (TANF).

For part f., MDHHS worked with the Social Security Administration (SSA) to resolve a discrepancy in how the file was reported to DTMB by SSA and processed the fiscal year 2024 file during February 2025.

For part g., MDHHS worked with the National Technical Information Service (NTIS) to regain access to the data during February 2024 and resume receiving the data monthly. Once access was re-established, NTIS sent a complete base file containing the data for the three months identified and the file exceeded the normal processing limit. MDHHS will work with DTMB to identify potential solutions and will process the complete file base by September 30, 2025.

Anticipated Completion Date

- a. and b. Ongoing
- c. Not applicable
- d. MDHHS has not yet determined an anticipated completion date because the date is dependent on the potential solutions identified.
- e. Not applicable
- f. Completed
- g. September 30, 2025

Finding 2024-006

ADP Security Program

Management Views

Although MDHHS and DTMB agree annual testing was not conducted for one system and not all necessary updates to the system security plan were completed during the audit period for four systems, MDHHS and DTMB disagree that effective controls were not implemented to ensure confidentiality, integrity, and availability of its automated data processing (ADP) information systems. MDHHS and DTMB also disagree that the security of critical systems was at risk by failing to mitigate potential vulnerabilities as described in the effect statement of the finding.

MDHHS and DTMB have compensating controls in place to ensure confidentiality, integrity, and availability of its ADP information systems in addition to mitigating potential vulnerabilities. MDHHS and DTMB monitor remediation of Plans of Actions and Milestones for all information systems even after expiration of the authority to operate (ATO).

For one system cited, MDHHS is required to audit the system as part of the responsibilities related to the Affordable Care Act and the Medicaid Expansion marketplace. Those audits are conducted to show compliance with federal information security and privacy requirements related to data stored in those systems. The system required to be audited as part of the Affordable Care Act, along with two other systems cited, are reviewed biennially through the Internal Control Evaluation process where control evidence is updated to demonstrate the effectiveness of controls. Each system cited did not have any significant changes and implemented controls are still working as expected.

Planned Corrective Action

DTMB has hired additional resources to help ensure the timely completion of the required work below.

For part a., MDHHS and DTMB will conduct testing of the disaster recovery plan (DRP) by September 30, 2025, and will follow State of Michigan (SOM) Technical Standards on DRP testing going forward.

For part b., MDHHS and DTMB will complete the necessary updates to the system security plans, including updating the risk assessments, and anticipate completion for all cited systems by July 1, 2025. MDHHS and DTMB anticipate that ATO renewals will be attained for all cited systems by August 30, 2025.

Anticipated Completion Date

- a. September 30, 2025
- b. August 30, 2025

Finding 2024-007

CHAMPS Eligibility Interface Errors

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

Bridges is the system of record for eligibility and produces reports with potential duplicate records for local office staff to review. In addition, the Community Health Automated Medicaid Processing System (CHAMPS) is currently designed to reject potential duplicate records to prevent duplicate payments for the same individuals that already exist in CHAMPS and places these records on a CHAMPS report for review. These two reports could potentially contain the same duplicate records identified by both CHAMPS and Bridges.

As part of the Departmental Work Intake Process for prioritization, MDHHS submitted a work request during January 2023 for a Bridges system modification that would allow data from the Bridges reports to be exported to the Bridges data warehouse and MDHHS is currently working with DTMB to obtain access to the data. MDHHS central office will develop a process to reconcile the rejected records identified on the CHAMPS and Bridges reports and ensure that MDHHS is appropriately reviewing those records and making any necessary corrections.

Anticipated Completion Date

September 30, 2025

Finding 2024-008

MDE, IT General Controls

Management Views

DTMB agrees it did not fully implement its user access removal and recertification processes when transitioning responsibilities between employees.

Planned Corrective Action

DTMB corrected the issues noted and the reassigned employee resumed DTMB's existing user access removal and recertification processes in November 2024.

Anticipated Completion Date

Completed

Finding 2024-009**MDE, Security Management and Access Controls****Management Views**

The Michigan Department of Education (MDE) agrees with the finding.

Planned Corrective Action

For part a., with the release of Michigan Nutrition Data (MiND) 2.0 in November 2024, the system now has the added documentation supporting the individual approved system roles required for this security control.

For part b.1., MDE will start reviewing non-privileged internal Grant Electronic Monitoring System/Michigan Administrative Review System accounts on an annual basis and will store documentation of the review. MDE has started writing the policy adjustment for this change.

To validate their continued need, MDE will annually review all MiND accounts for appropriate access that have access to SOM proprietary information.

For part b.2., MDE has provided input to DTMB on this technical control, and MDE intends to comply with the revised SOM Technical Standard 1340.00.020.01 (Access Control Standard). MDE plans to complete both the policy adjustment and the annual review for 2025 by December 31, 2025.

For part c., MDE implemented the process for deactivating users to meet this security requirement in November 2024 when MiND 2.0 was released.

The process for deactivating users to meet this security requirement for the Next Generation Grant, Application and Cash Management System (NexSys) was implemented in May 2025.

Anticipated Completion Date

- a. Completed
- b.1. September 30, 2025
- b.2. December 31, 2025
- c. Completed

Finding 2024-010**MDE, Change Management Process****Management Views**

MDE agrees with the finding.

Planned Corrective Action

For MiND, the standard change management process requires documenting the test results. However, there are scenarios when the data in question is only in the production environment; or it might be production specific deployment like changing application settings which does not have relevance to the test environment. In these cases, MDE will maintain documentation in DevOps that the deployment is production specific. MDE will increase the post-review process of MiND related work items from a semi-annual to quarterly basis to ensure all required evidence of testing is recorded appropriately.

For NexSys, MDE will review the change management process with DTMB and implement additional steps to ensure tickets are closed in a timely manner and all testing results have been appropriately documented.

Anticipated Completion Date
September 30, 2025

Finding 2024-011
MDHHS - FFATA Reporting

Management Views
MDHHS agrees with the finding.

Planned Corrective Action

The MDHHS Bureau of Grants and Purchasing followed up with the subrecipients regarding unique entity identifier (UEI) account issues in the System for Award Management (SAM) and once the issues were resolved, the subaward information was submitted.

The MDHHS Federal Reporting Section will continue to help ensure the accuracy of the department's Grants Received Report that is used by the MDHHS Bureau of Grants and Purchasing to report information in SAM. All data elements required to comply with federal funding requirements, such as the Federal Funding Accountability and Transparency Act (FFATA), have been added to the Grants Received Report. The MDHHS Federal Reporting Section will work with the MDHHS Bureau of Grants and Purchasing to develop a more comprehensive process to identify missing data that has not yet been communicated from the federal awarding agency, program area, or others. In the event data elements are missing from the report, the MDHHS Federal Reporting Section will follow up with the awarding agency, program area, or others to update the missing data elements within 30 days of receipt of the award.

The MDHHS Bureau of Budget will confirm that a Program Period Code is included on the request form provided by the program office prior to the entry of grant agreements in the Electronic Grants Administration and Management System (EGrAMS). When reviewing grant agreements in EGrAMS, the MDHHS Bureau of Budget will confirm that pertinent coding elements are included prior to approval. In addition, the MDHHS Bureau of Budget will identify EGrAMS agreements with accounting templates that are not initially coded to federal funding, but contain a program code or task code that subsequently splits costs to a federal funding code, and work with the MDHHS Bureau of Grants and Purchasing to help ensure these agreements are included in the query used to obtain data for FFATA reporting.

Anticipated Completion Date
September 30, 2025

Finding 2024-012

Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Beneficiary Eligibility

Management Views

MDHHS agrees with the identified exceptions for parts a. and c. of the finding. However, MDHHS disagrees that 3 Medicaid cases and 20 Children's Health Insurance Program (CHIP) cases with MAGI determinations cited in part b. did not have case file documentation supporting the beneficiary eligibility determination. The Centers for Medicare and Medicaid Services (CMS) has determined that a reasonable compatibility indicator can be used for CMS audit purposes to determine if the attested income information was electronically verified for MAGI cases and MDHHS disagrees that documentation was not maintained to support the eligibility determination.

The SOM MiIntegrate system communicates with various State and federal electronic trusted data sources and sends the information from these sources, along with the beneficiaries' attested income, to the SOM MAGI Rules Engine where the MAGI eligibility determination is made. As part of the MAGI eligibility determination, a reasonable compatibility test is completed to determine if beneficiary/applicant attested income is within a specified percentage of the electronic trusted data sources or if the attested and verified income are below the threshold for the applicable program. The results of the MAGI eligibility determination are sent back to MiIntegrate using an Account Transfer (AT) packet that contains the results. MiIntegrate then communicates the results to the SOM MAGI Viewer and Bridges using an AT packet and Bridges stores the AT packet number only that can be used to view the details of the AT packet within the SOM MAGI Viewer. The version of the AT packet within the MAGI Viewer also contains a reasonable compatibility indicator that documents the outcome of the reasonable compatibility test and supports the SOM MAGI Rules Engine eligibility decision.

MDHHS stores the AT packet information, including facts essential to the eligibility determination, within MiIntegrate and the MAGI Viewer instead of Bridges to help protect and secure the federal income tax data and unemployment data used for the determination. The AT packet for each individual determination can be retrieved from the MAGI Viewer using the AT packet number stored in each beneficiary's case file within Bridges. MDHHS is not aware of any federal regulations that preclude MDHHS from storing this information in a separate system to help secure the data and restrict access as required by federal and state law.

Planned Corrective Action

To address the exceptions identified that are not related to MAGI-based income verification results, MDHHS has developed mandatory training protocols for eligibility workers and expects to have the first Medicaid audit focused mandatory training implemented by July 2025. MDHHS will continue to determine where additional training or enhancements to training are needed to ensure eligibility is accurately determined and documentation is properly maintained within the electronic case file.

MDHHS disagrees it did not maintain case file documentation that supports the beneficiary eligibility determination for MAGI cases and does not intend to take further action.

Anticipated Completion Date

MDHHS will implement the first Medicaid audit focused training by July 2025.

Finding 2024-013**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Expenditure Processing for Medical Payments****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has been working to ensure correct eligibility classifications in Bridges at the time of payment and a system change was implemented in April 2021 to correct the issue. All new cases are correctly routed. MDHHS is continuing to update cases following the end of the public health emergency (PHE) and expects that all existing cases will be updated by July 2025, as MDHHS completes a mass update and renewals for existing cases.

MDHHS identified and updated its manual process of transferring expenditures from the Medicaid Cluster to the Children's Health Insurance Program in June 2021; and will continue this manual process, on a quarterly basis, by completing a summary-level adjustment determined by analyzing CHAMPS payment data and Bridges eligibility data until all existing cases have been updated.

Anticipated Completion Date

July 2025

Finding 2024-014**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Provider Eligibility****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS amended the Pharmacy Benefits Manager, Prepaid Inpatient Health Plan (PIHP), MI Choice Waiver Program (MI Choice), Medicaid Health Plan (MHP), and Dental Health Plan entity fiscal year 2025 contracts to require that signatures are obtained on the Provider Screening Information Collection Tool (PSICT) forms and returned timely when contracts and waivers are renewed and extended. Also, MDHHS is in the process of amending the remaining Integrated Care Organization contract to include this requirement. MDHHS will continue to educate the managed care entities and MDHHS contract areas on this process to help ensure compliance. MDHHS expects that signatures will be obtained on the PSICT forms effective September 2025 for the fiscal year 2026 contract cycle and will continue to send an annual reminder to the managed care entities to report any change in ownership to MDHHS within 35 days.

In addition, MDHHS continues to review provider agreements as part of its monitoring process conducted for all MI Choice entities. MDHHS's review of fiscal year 2024 provider agreements for MI Choice entities will be completed by December 31, 2025, and will be ongoing during the Administrative Quality Assurance Review process as outlined in the waiver application that was approved by CMS. MDHHS will continue to send annual reminders to MI Choice entities to submit completed PSICT forms by September 1 each year as required by MI Choice contracts.

MDHHS obtained an updated provider agreement for the Home Help provider cited in the finding. Home Help providers are now enrolled in CHAMPS and provider agreements, including updated terms and conditions, are completed electronically.

Anticipated Completion Date
December 31, 2025

Finding 2024-015
Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Refunding of Federal Share of Overpayments

Management Views
MDHHS agrees with the finding.

Planned Corrective Action
For part a., MDHHS has added additional verification checks to ensure all overpayment reports are included in each quarter's financial reports.

For part b., MDHHS will document the process of identifying late overpayments and calculating interest. There were no late payments identified during fiscal year 2024 that required an interest calculation.

For part c., MDHHS will identify and implement CHAMPS enhancements needed to correct Federal Medical Assistance Percentage calculations.

Anticipated Completion Date
a. Completed
b. September 30, 2025
c. September 30, 2025

Finding 2024-016
Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Medical Loss Ratio

Management Views
MDHHS agrees with the finding.

Planned Corrective Action
MDHHS updated the medical loss ratio (MLR) instructions and comparisons were required to be submitted to MDHHS as part of the MLR reporting process for the MHP Comprehensive Health Care Plan (CHCP) during June 2023 and for the Dental Health Plans and MI Choice during April 2024. MDHHS will update MLR instructions for PIHPs to clarify that comparisons are required to be submitted as part of the MLR reporting process.

MDHHS will continue to work with the CHCPs, PIHPs, MI Choice, and Dental Health plans to obtain the comparisons as part of the MLR reporting process and will follow established procedures to reject those MLR submissions received that fail to attach a comparison.

Anticipated Completion Date
September 2025

Finding 2024-017

Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Managed Care Periodic Audits

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS formally added the Encounter Data Validation (EDV) protocol to its External Quality Review Organization (EQRO) contracts as of October 1, 2022. The EQRO identified three EDV protocol elements to review for the managed care entities including information systems, administrative profiles, and medical records. During fiscal year 2023, EQRO completed the comprehensive information systems review that analyzed MDHHS's information systems infrastructure and an administrative profile review that analyzed MDHHS's electronic encounter data completeness, accuracy, and timeliness. MDHHS published the completed reports for the information system and administrative profile reviews on its website during February and March 2024.

During fiscal year 2024, EQRO began the medical records review component, which analyzes the completeness and accuracy of MDHHS's electronic encounter data by comparing it to the information documented in the corresponding members' medical records. MDHHS completed the fiscal year 2024 medical records report and published it to MDHHS's website during March 2025.

Anticipated Completion Date
Completed

Finding 2024-018

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557 - MI-WIC Access Controls

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

DTMB implemented a process in November 2024 to review privileged accounts with direct database access semiannually.

Anticipated Completion Date
Completed

Finding 2024-019

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557 - MI-WIC Change Management Process

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS discussed the change management documented requirements with the information technology (IT) contractor during April 2025 to ensure all testing is documented appropriately. MDHHS has updated the Michigan Women, Infants, and Children Information System (MI-WIC) Change Management Controls process to include a review of each change to ensure it has successfully completed all components of the change management process prior to completion of associated release activities.

Anticipated Completion Date

Completed

Finding 2024-020

National Guard Military Operations and Maintenance (O&M) Projects, ALN 12.401 - Timeliness of Cash Draws

Management Views

The Department of Military and Veterans Affairs (DMVA) agrees with the finding.

Planned Corrective Action

DMVA has communicated the importance of timely completion of cash draws. DMVA will consolidate expenditure reports sent to federal program managers to reduce overall quantity and improve timeliness. Additionally, DMVA will implement a revised document management methodology for expenditure reports returned from federal program managers that are ready for final approval and submission to the United States Property and Fiscal Office.

Anticipated Completion Date

September 30, 2025

Finding 2024-021

National Guard Military Operations and Maintenance (O&M) Projects, ALN 12.401 - Extension Procedures

Management Views

DMVA agrees with the finding.

Planned Corrective Action

DMVA will set annual recurring calendar appointments to review program activities with the program managers one month before the end of the period of performance to ensure a joint understanding of extension requirements, allowing sufficient time to prepare and submit period of performance extension requests timely, if needed.

Anticipated Completion Date
September 1, 2025

Finding 2024-022
Highway Planning and Construction, ALN 20.205 - AASHTOWare Security Management and Access Controls

Management Views

The Michigan Department of Transportation (MDOT) agrees with the finding.

Planned Corrective Action

MDOT's Office of Enterprise Information Management (EIM), Bureau of Field Services-Construction Field Services Division, and Bureau of Development-Design Division will collaborate and provide oversight to ensure that user access for the American Association of State Highway and Transportation Officials software (AASHTOWare) Preconstruction and Construction & Materials modules is reviewed semiannually for privileged accounts and annually for all other accounts. MDOT will implement an improved process, which will be facilitated by the designated System Security Administrators, and access will be modified or removed, as appropriate, prior to the end of each six-month period for privileged users and annually for all other users.

Anticipated Completion Date
January 1, 2026

Finding 2024-023
Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - PTMS Security Management and Access Controls

Management Views

MDOT agrees with the finding.

Planned Corrective Action

MDOT EIM and Office of Passenger Transportation will collaborate and provide oversight to ensure that Public Transportation Management System (PTMS) user access is reviewed semiannually for privileged accounts and annually for all other accounts. MDOT will implement an improved process which will include obtaining, verifying, and documenting the written approval for all identified users by the designated System Security Administrators. Access will be modified/removed, as appropriate, based on responses or removed for non-responders prior to the end of each six-month period for privileged users and each fiscal year for all other users.

Anticipated Completion Date
September 30, 2025

Finding 2024-024**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Grant Reimbursement Approval Procedures****Management Views**

The Department of Environment, Great Lakes, and Energy (EGLE) agrees with the finding.

Planned Corrective Action

The EGLE Water Resources Division's (WRD) administration staff adjusted their review process in April 2024 to comply with overall EGLE guidance that all reimbursement requests should be reviewed by a program representative and financial representative to ensure payments are made for activities authorized by the grant agreement. However, WRD had not fully completed the retroactive review of payments for fiscal year 2024. This has since been corrected and all retroactive reviews to ensure compliance with program technical specifications were completed as of May 1, 2025.

Anticipated Completion Date

Completed

Finding 2024-025**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Insufficient Respite Payment Controls****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

During fiscal year 2024, MDHHS improved the payment review process prior to manual input into the Medical Services Administration Manual Payment System (MSAPay) to help ensure there are no improper payments, as demonstrated by no improper payments identified for fiscal year 2024. MDHHS will develop and implement a post payment review process for the final respite payments that were entered into MSAPay during December 2024 and anticipates completion by September 30, 2025.

Anticipated Completion Date

September 30, 2025

Finding 2024-026**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Workfront Security Management and Access Controls****Management Views**

DTMB agrees with the finding.

Planned Corrective Action

DTMB implemented process improvements in May 2024 related to the tracking and documentation of user access requests to support approval of user access and system roles. The exceptions cited are related to users whose access was granted prior to the improved documentation being implemented.

Anticipated Completion Date
Completed

Finding 2024-027

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Subaward Information

Management Views

MDOT and LEO agree with parts a. and b. of the finding, respectively.

For part c., the Michigan Strategic Fund (MSF) agrees that the subaward agreements did not specify whether the award was for research and development (R&D) purposes. The omission occurred because MSF does not administer awards intended to support R&D activities under this program; accordingly, this designation was not included in the grant agreement.

MSF also agrees that the subaward agreements did not include an indirect cost rate. MSF did not fund indirect costs as part of this program; therefore, an indirect cost rate was not included in the grant agreement.

Planned Corrective Action

For part a., MDOT will incorporate into its current process all required subaward information to ensure it is reported to subrecipients, which will include, but not be limited to, UEI, Federal Award Identification Number (FAIN), federal award date, subaward period of performance start and end date, subaward budget period start and end date, federal awarding agency name, assistance listing number (ALN) title, identification of whether the award is for R&D, indirect cost rate for the federal award, an approved federally recognized indirect cost rate for the subrecipient, and the closeout terms and conditions. MDOT will also provide current subrecipients with the missing required subaward information.

For part b., the LEO Prosperity Division will review records to identify all subrecipients that were previously provided with incorrect FAINs and will provide them with correct information. In addition, the LEO Prosperity Division will implement a procedural change to have a reviewer check to ensure that award information is accurately stated before grant issuance.

For part c., to align with Uniform Guidance requirements (2 *CFR* 200.332(a)) all future agreements under the program will explicitly state that: 1) funding is not intended to support R&D activities; and 2) indirect costs are not eligible costs. All applicable current subrecipients will be notified of the same.

Anticipated Completion Date

- a. September 30, 2025
- b. July 31, 2025
- c. July 31, 2025

Finding 2024-028

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Subrecipient Audits

Management Views

For part a., LEO agrees with the finding.

All three of MSF's subrecipient awards for the fiscal year were sampled totaling approximately \$274,000 (0.3 percent of the total award). While MSF agrees with the finding that it did not have a written process to verify single audit compliance, management believes that MSF's risk assessment of subrecipients adequately determined that single audit verification was not required for two of its subrecipients since, based on all anticipated federal awards for the subrecipient, it was not expected that they would reach the expenditure threshold (2 *CFR* 200.332(f)). The third annually files a single audit, was expected to file a single audit, and did file a single audit.

For part b., EGLE agrees with the finding.

Planned Corrective Action

For part a., the LEO Internal Controls Unit (LEO-IC) will expand LEO's subrecipient monitoring function for the Coronavirus State and Local Fiscal Recovery Funds and update procedures to include sending an inquiry to subrecipients to determine whether they meet the requirements for a single audit, ensuring that audits are received and reviewed, and issuing management decision letters (when applicable). LEO-IC will train staff on the new procedures and is in the process of hiring another individual to assist with subrecipient monitoring.

MSF completed its risk assessment in November 2024 and determined it necessary to update the existing process. On March 4, 2025, MSF implemented an updated process to notify subrecipients of single audit requirements and require feedback on the status of the funding. A Single Audit Certification letter is sent to all subrecipients via email and requires a response to whether a single audit would be required for the fiscal year. The response is then documented and MSF will review the single audits for all subrecipients for which an audit is required to be completed.

For part b., the EGLE Budget unit within the Finance Division has assigned responsible staff and began reviewing single audits of applicable subrecipients for fiscal year 2024 activity and will be fully compliant for this subrecipient monitoring cycle and moving forward.

Anticipated Completion Date

a. LEO: August 31, 2025

MSF: Completed

b. EGLE: Completed

Finding 2024-029

Adult Education - Basic Grants to States, ALN 84.002 - During-the-Award Monitoring and Subaward Information

Management Views

LEO agrees with the finding.

Planned Corrective Action

For part a., the Adult Education - Basic Grants to States program (Adult Education) Workforce Innovation and Opportunity Act Regional Coordinators and Financial Specialist are currently finishing the review of the final narrative reports and final expenditure reports for each of the 92 subrecipients. These reviews will be completed by June 30, 2025. Other Adult Education staff

will be cross trained to assist in the review process in case there are competing priorities in the future.

For part b., once it was determined that the FAIN was incorrect on the Grant Award Notification (GAN), staff corrected the FAIN in NexSys and worked with the NexSys programmers to have the GANs reissued on April 8, 2025. A communication to alert subrecipients of the update was sent on June 6, 2025. LEO also updated procedures to include multiple staff reviews of the GAN information to ensure accuracy before the GANs are released in NexSys.

Anticipated Completion Date

- a. June 30, 2025
- b. Completed

Finding 2024-030

Rehabilitation Services Vocational Rehabilitation Grants to States, ALN 84.126 - Accuracy of Financial Reports

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Finance Division will implement the following:

1. Improvements to documented procedures for the Vocational Rehabilitation Financial Report (RSA-17) preparation to ensure consistency and accuracy of financial report submissions.
2. Specific RSA-17 training for applicable staff and management in order to enhance knowledge of reporting requirements.
3. An additional layer of management review on RSA-17 financial reports prior to submission.

Anticipated Completion Date

September 30, 2025

Finding 2024-031

Twenty-First Century Community Learning Centers, ALN 84.287 - Program Fiscal Reviews

Management Views

The Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) agrees with the finding.

Planned Corrective Action

In January 2025, MiLEAP assigned an auditor to conduct fiscal reviews to monitor activities of subrecipients of the Twenty-First Century Community Learning Centers program.

Anticipated Completion Date
Completed

Finding 2024-032

CCDF Cluster, ALN 93.575 and 93.596 - MWBC Child Care System User Access

Management Views

MiLEAP agrees with the finding.

Planned Corrective Action

The Michigan Workforce Background Check (MWBC) Child Care System is used to conduct and record the results of criminal history checks for child care providers and is comprised of multiple modules, including the Consultant Portal and Analyst Portal. Each portal serves distinct functions, carrying varying levels of access to background check information and functionality.

MiLEAP acknowledges that internal controls should more explicitly require module-specific documentation. To address this, MiLEAP has reinforced its access control procedures to ensure the Child Care Background Check (CCBC) Access and Security Agreement directs that access requests be sent to the manager of the CCBC unit and explicitly documents the specific portals being requested. The CCBC unit manager is responsible for reviewing and granting access to both the Analyst and Consultant portals based on the user's role and job duties. MiLEAP has reinforced this policy as of May 2024 with appropriate staff to ensure compliance and improve documentation for each portal.

Anticipated Completion Date
Completed

Finding 2024-033

CCDF Cluster, ALN 93.575 and 93.596 - Client Eligibility

Management Views

MiLEAP and MDHHS agree with the finding.

Planned Corrective Action

MiLEAP and MDHHS ESA will continue to work together to help ensure compliance with client eligibility requirements by providing guidance on updated policies, processes, and noted trends to local office and BSC staff. On October 1, 2024, MDHHS ESA distributed an ESA memo to BSCs and local offices requiring a Child Development and Care eligibility checklist to be completed and uploaded to the electronic case file at the time of each Child Development and Care application and redetermination to help ensure the authorized hours of care in Bridges does not exceed the client's documented need for hours of childcare services. The ESA memo also requires local offices that have not yet achieved compliance to review a sample of cases monthly and ensure the Child Development and Care eligibility checklist is properly uploaded to the electronic case file. The BSCs receive the monthly results from the local offices and also monitor progress to help ensure compliance.

Anticipated Completion Date
Ongoing

Finding 2024-034**CCDF Cluster, ALN 93.575 and 93.596 - Provider Health and Safety Requirements****Management Views**

MiLEAP agrees with the finding.

Planned Corrective Action

To improve compliance and inspection timeliness, MiLEAP took the following key steps:

- Increased staffing: In fiscal year 2024, the Child Care Licensing Bureau (CCLB) initiated the hiring of 22 additional licensing consultants across all eight established regions, significantly increasing statewide capacity. All new consultants began their positions by November 2024. Upon hire, they entered a structured training program with the goal of receiving caseload assignments within six months. This strategic staffing expansion has already led to a 30.0 percent reduction in the average caseload per consultant from 88 to 61 facilities aligning more closely with best practice recommendations and enabling more timely inspections. As these new consultants complete training and receive full caseloads, CCLB anticipates an increase in completed onsite inspections, improved timeliness, and enhanced capacity to meet the growing needs of child care providers.
- Enhanced regional oversight: In fiscal year 2025, CCLB established lead worker positions in each child care region. These lead workers support area managers in monitoring consultant caseloads and inspection schedules to ensure annual inspections are completed in compliance with federal requirements.
- Process improvements through technology: CCLB continues to utilize the Child Care Hub Information Records Portal in a mobile format, improving data access and streamlining on-site inspections. Providers are encouraged to utilize the system during onsite inspections to facilitate faster and more efficient communication and documentation.

Anticipated Completion Date

Ongoing

Finding 2024-035**CCDF Cluster, ALN 93.575 and 93.596 - FFATA Reporting****Management Views**

MiLEAP and MDE agree with the finding.

Planned Corrective Action

MiLEAP will implement a process to ensure it submits subaward information as required by FFATA and federal guidance.

Anticipated Completion Date

September 2025

Finding 2024-036**CCDF Cluster, ALN 93.575 and 93.596 - Subaward Information****Management Views**

MiLEAP agrees with the finding.

Planned Corrective Action

MiLEAP is finalizing grant procedures for reviewing award documents, which will include utilizing a new grant template to help ensure all requirements are included on each award.

Anticipated Completion Date

July 1, 2025

Finding 2024-037**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - MiAIMS General Controls****Management Views**

For part a., DTMB agrees it had not fully implemented all SOM database specific configurations during the audit period. However, DTMB disagrees these specific configurations created significant security risks. DTMB has been and continues to follow the manufacturer's recommendations regarding security configurations.

For part b., DTMB agrees with the finding.

Planned Corrective Action

For part a., DTMB will implement the SOM approved database configurations.

For part b., DTMB will review and update internal business processes as needed to ensure privileged Michigan Adult Integrated Management System (MiAIMS) database accounts are reviewed in accordance with SOM Technical Standards.

Anticipated Completion Date

July 31, 2025

Finding 2024-038**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - MiAIMS User Access****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

The MDHHS Access Management Section reconciles the users in MiAIMS to the users approved within DSA monthly, resolves discrepancies, and sends an email notification to LOSCs with a summary of the results. Beginning May 2025, the monthly email notification distributed to the LOSCs will emphasize appropriate procedures for granting access, including a reminder to synchronize MiAIMS activations and the DSA final approval to serve as documentation of the activation. By June 2025, MDHHS MiAIMS management and the Access Management Section will begin meeting annually with LOSCs, help desk, and technical staff to review access procedures.

Anticipated Completion Date
June 30, 2025

Finding 2024-039
Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Transitional Medicaid Eligibility

Management Views

MDHHS agrees with the finding. MDHHS recognizes there are opportunities for improvement to ensure renewals are processed on a timely basis for beneficiaries receiving transitional medical assistance (TMA) Medicaid coverage, however due to time constraints, it was not feasible to manually review and validate all 1,802 beneficiaries queried to ensure they should be terminated from TMA. Also, although beneficiaries might not be eligible for TMA, they may be eligible for other Medicaid aid categories, and this will be determined as part of the department's corrective action.

Planned Corrective Action

MDHHS implemented a system enhancement during May 2023 that generates redetermination requests one month in advance to allow additional time for processing and help ensure renewals are processed timely. MDHHS is continuing to update the backlog of cases following the end of the PHE, including those identified in the finding, to determine if the beneficiary should remain on Medicaid or if coverage should be terminated, and expects all existing cases will be reviewed and updated by July 2025. MDHHS will evaluate potential underlying system issues related to the timeliness of TMA renewals and will implement system enhancements if necessary by December 2026.

Anticipated Completion Date
December 2026

Finding 2024-040
Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Payments on Behalf of Ineligible Beneficiaries

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS continues to work with DTMB on the underlying issues in Bridges causing these overpayment issues, as well as developing mitigation strategies to temporarily address the overpayment concerns while the more permanent system solutions are developed. MDHHS expects all remaining synchronization issues to be resolved once the remaining larger system changes are implemented in December 2025.

Anticipated Completion Date
December 31, 2025

Finding 2024-041**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Ineligible HHP Payments****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS generates a monthly hospitalization report and distributes to adult services workers as part of the post-payment review process. MDHHS enhanced the report query to improve the data used to identify overlaps in services and timely recover payments. MDHHS implemented the updated query during June 2025.

Also, MDHHS issued an Adult Services Notification to managers and directors during February 2025, informing them of the audit finding and reminding local office management of the expectation to thoroughly monitor and review the hospitalization reports to ensure timely and accurate action is taken by adult services workers.

In addition, MDHHS reissued the Home Help Recoupment Process training and procedural resources during February 2025 to adult services workers who manage Home Help cases to ensure process steps are consistently followed.

Anticipated Completion Date

Completed

Finding 2024-042**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Ineligible Home Help Assistance****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS added the Electronic Document Management system (EDM) to MiAIMS in March 2023 and issued an Adult Services Notification to adult services staff, communicating that medical needs forms should be uploaded into EDM. MDHHS issued an Adult Services Notification to adult services staff during May 2025 to communicate the exceptions identified and remind them of the medical needs form requirements.

MDHHS will develop a procedure to monitor the expiration of medical needs forms using the MiAIMS Plan of Care by August 2025. In addition, MDHHS will research potential options to automate monitoring of the medical needs forms in MiAIMS and determine if any necessary system changes are needed by December 2026.

Anticipated Completion Date

December 2026

Finding 2024-043**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Practitioner Reimbursement****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has determined the primary remaining source for overlaps between fee-for-service and capitation payments is due to retroactive removal of Medicaid eligibility within Bridges. An upgraded interface fix was implemented during March 2025 to address several issues. This upgraded interface removed the existing limitations to mitigate the occurrence of retroactive disenrollment.

Anticipated Completion Date

Completed

Finding 2024-044**Temporary Assistance for Needy Families, ALN 93.558 - MiSACWIS Security Management and Access Controls****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS currently has a process in place to review the user narrative describing the incompatible role exceptions within the DSA Michigan Statewide Automated Child Welfare Information System (MiSACWIS) request as part of the approval process. MDHHS will continue to work on adding an incompatible role form in the DSA MiSACWIS request with automated routing for appropriate approval. MDHHS anticipates completion of corrective action by October 30, 2025.

For part b., MDHHS will evaluate the current DSA timelines for generation of access renewal and access drop requests and implement any necessary changes by September 30, 2025. MDHHS will continue to provide training for LOSCs via quarterly webinars to emphasize the appropriate procedures for granting access, reviewing, and comparing access. All new information related to security access is presented to the LOSCs during the webinars and one-on-one assistance is available as needed for additional support.

Anticipated Completion Date

a. October 30, 2025

b. September 30, 2025

Finding 2024-045**Temporary Assistance for Needy Families, ALN 93.558 - Non-Financial Eligibility Documentation****Management Views**

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS ESA policy staff will work with the MDHHS Bridges technical team to determine the reason for the incomplete application by September 30, 2025, and implement a solution to correct the issue, if needed. If potential system modifications are needed, MDHHS will follow the Departmental Work Intake Process for prioritization and determine an anticipated completion date for implementation. MDHHS will also send a memo and template of the application to the local offices to highlight the required questions on the application to help ensure all required questions are appropriately answered.

Anticipated Completion Date

MDHHS has not yet determined an anticipated completion date because the date is dependent on the potential solution identified.

Finding 2024-046

Temporary Assistance for Needy Families, ALN 93.558 - Inappropriate TANF- Funded Emergency Foster Care Assistance

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS redetermined the Foster Care Title IV-E (Title IV-E) program eligibility after the birth certificate was identified and the youth was determined to be Title IV-E eligible. MDHHS will reclassify the funds to the appropriate funding source, allowing the department to claim Title IV-E for the eligible placement.

For those cases in which Title IV-E funding is denied initially based on lack of a birth certificate or other documentation of citizenship, the Child Welfare Funding Specialists will continue to monitor the case for updated documentation in order to complete a redetermination of funding. Child Welfare Funding Specialists will be reminded to monitor cases for updated documentation during a Child Welfare Funding conference call in June 2025.

Anticipated Completion Date

June 30, 2025

Finding 2024-047

Temporary Assistance for Needy Families, ALN 93.558 - Risk Assessment and During-the-Award Monitoring

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS monitors financial and programmatic reports submitted by the grantee and communicates with the grantee on a consistent basis. The subrecipients identified in the finding were awarded separate grants, and MDHHS has implemented corrective action to help ensure each subrecipient is sufficiently monitored and evaluated for risk of noncompliance with program requirements.

For the subrecipient identified in part a., MDHHS completed a risk assessment and evaluated the results for fiscal year 2025 to develop a documented monitoring plan. An annual monitoring plan and corrective action plan workbook have been developed and implemented to track monitoring activities and follow-up action related to deficiencies noted during monitoring.

For the subrecipient identified in part b., MDHHS developed and implemented a template for fiscal year 2025 to document monitoring activities, including the follow-up action related to deficiencies noted during monitoring.

Anticipated Completion Date
Completed

Finding 2024-048

Temporary Assistance for Needy Families, ALN 93.558 - Child Support Non-Cooperation

Management Views

MDHHS disagrees with part a. of the finding. MDHHS's eligibility system, Bridges, was functioning as intended for the two cases identified because each case was in a non-ongoing mode at the time the automated interface occurred. A case is placed into this status if the client circumstances have changed for any MDHHS program within Bridges and the case requires a redetermination. TANF policy cannot mandate Bridges to change the non-ongoing mode because each impacted program is required to be certified prior to changing the status. MDHHS policy does not mandate a specific length of time that a case can be in a non-ongoing status. The results of the redetermination can impact the client's non-cooperation status and therefore the client should not be sanctioned until the certification by all programs is complete.

For one of the cases, the client was appropriately sanctioned after the case review was complete and for the other case, the client was determined to be in compliance once the case was removed from the non-ongoing status mode.

MDHHS agrees with part b. of the finding.

Planned Corrective Action

For part a., MDHHS disagrees with the finding and does not intend to take further action.

For part b., MDHHS ESA policy staff will work with the MDHHS Bridges technical team to determine if there was a technical aspect that contributed to the inappropriate sanction and identify a solution by September 30, 2025. If potential system modifications are needed, MDHHS will follow the Departmental Work Intake Process for prioritization and determine an anticipated completion date for implementation.

Anticipated Completion Date

a. Not applicable

b. MDHHS has not yet determined an anticipated completion date because the date is dependent on the potential solution identified.

Finding 2024-049

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs,
ALN 93.566 - Salesforce Security Management and Access Controls**

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Office of Global Michigan (OGM) will improve established procedures and tracking logs to help ensure compliance with SOM Technical Standard 1340.00.020.01 (Access Control Standard). Specifically, LEO OGM will review user access semiannually for privileged accounts and annually for all other accounts. Also, LEO-IC is in the process of establishing a compliance team that will perform validation of the ongoing reviews.

Anticipated Completion Date

September 30, 2025

Finding 2024-050

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs,
ALN 93.566 - Assistance to Ineligible Refugees**

Management Views

LEO and MDHHS agree with the finding.

Planned Corrective Action

MDHHS, in conjunction with LEO, will provide mandatory training for all specialists that determine eligibility for refugee cash assistance payments by September 30, 2025. MDHHS also will implement ongoing management and peer-to-peer spot checks of cases to ensure that documentation is maintained to support the client's eligibility beginning October 2025. In addition, MDHHS will determine if technical changes are needed to help ensure the proper documentation is in the electronic case file by December 31, 2025. If potential system modifications are needed, the Bridges technical team will follow the Departmental Work Intake Process for prioritization and determine an anticipated completion date for implementation.

Anticipated Completion Date

MDHHS has not yet determined an anticipated completion date because the date is dependent on the determination of whether system modifications are necessary.

Finding 2024-051

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs,
ALN 93.566 - Accuracy and Completeness of Financial Reports**

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Finance Division will implement the following updates to its financial reporting process:

1. Procedural changes to ensure financial records, supporting documents, statistical records, and workpapers are maintained and retained appropriately.
2. An updated coding process to ensure all transactions are recorded with appropriate FAINs.
3. Procedural stipulations that financial report disclosures are prepared based on the applicable reporting period in SIGMA; and adjusting entries posted outside of the applicable reporting period are not included in quarterly financial reports.
4. An additional layer of management review on financial reports prior to submission.

Anticipated Completion Date
August 31, 2025

Finding 2024-052
Refugee and Entrant Assistance State/Replacement Designee Administered Programs,
ALN 93.566 - FFATA Reporting

Management Views
LEO agrees with the finding.

Planned Corrective Action
The LEO Finance Division updated its FFATA procedure effective March 2025 and has been working to correct the inaccurate FFATA reporting for the Refugee and Entrant Assistance State/Replacement Designee Administered Programs subawards. All of LEO's open subawards are reported correctly in SAM and LEO completed corrections to the closed subawards in April 2025. Going forward, LEO will ensure that future subawards are reported both accurately and timely in accordance with FFATA requirements.

Anticipated Completion Date
Completed

Finding 2024-053
Refugee and Entrant Assistance State/Replacement Designee Administered Programs,
ALN 93.566 - Subrecipient Audits and Subaward Information

Management Views
LEO agrees with the finding.

Planned Corrective Action
For part a., LEO OGM is working with LEO-IC to establish a process to immediately identify which subrecipients are required to have a Single Audit and ensure reports are reviewed, and management decision letters issued timely when required.

For parts b. and c., LEO OGM will have a more significant role in the review process and will work with the LEO Grants Office to help ensure that UEI and updated federal award information is always accurately and completely incorporated into agreements. As an extra measure, starting with fiscal year 2026, most grants with subrecipients will be single-year agreements.

This will help ensure that federal award information that changes with the onset of a new fiscal year is not inadvertently overlooked during the amendment process.

Anticipated Completion Date

- a. September 30, 2026
- b. and c. October 31, 2025

Finding 2024-054

Low-Income Home Energy Assistance, ALN 93.568 - Recertification of Clearance Patterns

Management Views

The Michigan Department of Treasury (Treasury) agrees with the finding.

Planned Corrective Action

Since the fall of 2024, the Treasury Financial Services Division (FSD) has gained a better understanding of the clearance pattern review process and updated its procedures through April 2025 to ensure compliance with federal regulations in future fiscal years. This included gaining an understanding of and documenting how the clearance patterns are determined for each program, which programs require clearance pattern review each year, how the SIGMA Business Intelligence (BI) queries function, and how to interpret the BI query results. Treasury FSD completed a post review of the fiscal year 2025 Treasury State Agreement using the updated procedures.

Anticipated Completion Date

Completed

Finding 2024-055

Low-Income Home Energy Assistance, ALN 93.568 - Eligibility Determinations

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS implemented quarterly case reads beginning in fiscal year 2023, and during April 2023, MDHHS began monthly meetings with the BSC analyst team to discuss common errors, answer questions, provide guidance, and on a quarterly basis discuss the results of the State Emergency Relief (SER) case reads. During April 2024, MDHHS SER program policy management and staff began attending BSC leadership meetings to discuss SER case read data findings, policy changes, and communicate common errors found during audits.

In addition to updating verification requirements on October 1, 2023, SER program policy management and staff added copay verification requirements on October 1, 2024. MDHHS completed system updates during April 2024 to allow specialists access to directly upload verification documentation to the electronic case file instead of providing the documentation to other areas to process and upload.

MDHHS will provide annual training directly to counties that fail to meet the state average for SER case reads relating to verification of the client's income, client contribution payment, and proof of energy crisis. MDHHS will continue to communicate with BSCs and local offices

regarding the requirements to obtain adequate verification and maintain sufficient documentation to support SER processing. MDHHS will also continue to provide direct SER guidance and clarification through the SER mailbox.

Anticipated Completion Date
September 30, 2025

Finding 2024-056

Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - EM Grants Manager Security Management and Access Controls

Management Views

The Michigan Department of State Police (MSP) agrees with the finding. MSP implemented the EM Grants Manager system in November 2023 and did not fully establish procedures for maintaining documentation of user access forms, reviewing privileged access, and disabling inactive users due to the number of current disasters and limited staff.

Planned Corrective Action

For part a., MSP implemented an access approval process in November 2023 to maintain documentation of access request forms within the EM Grants Manager system.

For parts b. and c., MSP will create procedures to help ensure the timely completion of privileged user reviews and inactive user deactivation. MSP will perform the required user reviews and deactivate applicable accounts by September 30, 2025.

Anticipated Completion Date
September 30, 2025

Finding 2024-057

Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - FFATA Reporting

Management Views

MSP agrees with the finding. The exception occurred due to an oversight during the transition to a new grant system. MSP immediately filed the report upon identification.

Planned Corrective Action

MSP will review and update procedures for additional monitoring of the FFATA reporting process.

Anticipated Completion Date
September 30, 2025

Findings Identified by Other Auditors

Finding 2024-058

Unemployment Insurance, ALN 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2024, Corrective Action Plan, Finding 2024-001.

Finding 2024-059

Unemployment Insurance, ALN 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2024, Corrective Action Plan, Finding 2024-002.

Finding 2024-060

Unemployment Insurance, ALN 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2024, Corrective Action Plan, Finding 2024-003.

**Comment on CAP from Michigan Office of the Auditor General
September 17, 2025**

The Michigan Office of the Auditor General included auditor's comments in State of Michigan Single Audit Report for the below findings. An auditor's comment provides further clarification and content to management views, where necessary. See the [State of Michigan Single Audit Report \(000-0100-25\)](#) for these auditor's comments to management views.

Finding with Auditor's Comments:

2024-002	2024-005	2024-006	2024-012
2024-028	2024-037	2024-048	