

Office of the Auditor General

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

Emergency 9-1-1 Fund

Michigan Department of State Police and
Department of Treasury

Fiscal Years Ended September 30, 2025 and September 30, 2024

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

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.



OAG

Office of the Auditor General

Report Summary

*Financial Audit Including Report on Internal
Control, Compliance, and Other Matters
Emergency 9-1-1 Fund
Michigan Department of State Police (MSP)
and Department of Treasury (Treasury)
Fiscal Years Ended September 30, 2025 and
September 30, 2024*

Report Number:
271-0265-26

Released:
September 2026

The Emergency 9-1-1 Fund was created in 1999 to provide funding to implement Public Act 32 of 1986, as amended, known as the Emergency 9-1-1 Service Enabling Act, and to implement the Federal Communications Commission's wireless emergency service order. The Act was subsequently amended to provide for the ongoing costs of operating, maintaining, and upgrading Michigan's 9-1-1 system. The Fund is administered by MSP and Treasury. The Act requires this financial audit.

Auditor's Report Issued

UNMODIFIED OPINION ☒

MODIFIED OPINION ☐

We issued an unmodified opinion on the Fund's financial schedules to reflect that they were 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
Treasury's 9-1-1 database did not provide an accurate record of collections from suppliers and retailers (<u>remitters</u>), limiting MSP's ability to identify delinquent remitters (<u>Finding 1</u>).		X	Agrees

Obtain Audit Reports

Online: audgen.michigan.gov

Phone: (517) 334-8050

Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, Michigan 48913

Doug A. Ringler, CPA, CIA
Auditor General

Laura J. Hirst, CPA
Deputy Auditor General

This Page Left Intentionally Blank



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

September 30, 2026

Jeff Troyer, Chair
State 9-1-1 Committee
Kalamazoo County Consolidated Dispatch Authority
7040 Stadium Drive
Kalamazoo, Michigan

Rachael Eubanks, State Treasurer
Richard H. Austin Building
Lansing, Michigan

Colonel James F. Grady II, Director
Michigan Department of State Police
7150 Harris Drive
Dimondale, Michigan

Dan Scripps, Chair
Michigan Public Service Commission
P.O. Box 30221
Lansing, Michigan

Chair Troyer, Colonel Grady, State Treasurer Eubanks, and Chair Scripps:

This is our report on the financial audit including the report on internal control, compliance, and other matters of the Emergency 9-1-1 Fund, Michigan Department of State Police and Department of Treasury, for the fiscal years ended September 30, 2025 and September 30, 2024. This financial audit is required by Public Act 32 of 1986, as amended.

Treasury provided the preliminary response to the recommendation at the end of our fieldwork. The *Michigan Compiled Laws* require an audited agency to develop a plan to comply with the recommendations and submit it to the State Budget Office (SBO) upon audit completion. State administrative procedures require the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to the Office of Internal Audit Services (OIAS), SBO. Within 30 days of receipt, OIAS will 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,

Doug Ringler
Auditor General

This Page Left Intentionally Blank

TABLE OF CONTENTS

EMERGENCY 9-1-1 FUND

	<u>Page</u>
Report Summary	1
Report Letter	3
Independent Auditor's Report on the Financial Schedules and Other Reporting Required by <i>Government Auditing Standards</i>	8
Emergency 9-1-1 Fund Financial Schedules	
Schedule of Restricted Financing Sources	12
Schedule of Sources and Disposition of Authorizations	13
Notes to the Financial Schedules	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	20
Findings, Recommendations, and Agency Preliminary Responses	
1. Treasury needs to improve its 9-1-1 database to ensure the accuracy of remitter collection records.	24
Prior Audit Follow-Up	25
Glossary of Abbreviations and Terms	26

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL SCHEDULES AND
OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS



Doug A. Ringler, CPA, CIA
Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

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

Jeff Troyer, Chair
State 9-1-1 Committee
Kalamazoo County Consolidated Dispatch Authority
7040 Stadium Drive
Kalamazoo, Michigan

Rachael Eubanks, State Treasurer
Richard H. Austin Building
Lansing, Michigan

Colonel James F. Grady II, Director
Michigan Department of State Police
7150 Harris Drive
Dimondale, Michigan

Dan Scripps, Chair
Michigan Public Service Commission
P.O. Box 30221
Lansing, Michigan

Report on the Audit of the Financial Schedules

Opinion

We have audited the financial schedules of the Emergency 9-1-1 Fund (Fund), Michigan Department of State Police and Department of Treasury, for the fiscal years ended September 30, 2025 and September 30, 2024 and the related notes to the financial schedules as listed in the table of contents.

In our opinion, the accompanying financial schedules referred to above present fairly, in all material respects, the restricted financing sources and the sources and disposition of authorizations of the Emergency 9-1-1 Fund for the fiscal years ended September 30, 2025 and September 30, 2024 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 Schedules 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 schedules present only the restricted financing sources and the sources and disposition of authorizations of the Fund. Accordingly, the schedules do not purport to, and do not, present a complete financial presentation of either the Fund or the State's General Fund as of September 30, 2025 and September 30, 2024 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 Schedules

Management is responsible for the preparation and fair presentation of the financial schedules 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 schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Schedules

Our objectives are to obtain reasonable assurance about whether the financial schedules as a whole are 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 schedules.

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 schedules, 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 schedules.
- 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 schedules.

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 20, 2026 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 20, 2026

This Page Left Intentionally Blank

EMERGENCY 9-1-1 FUND FINANCIAL SCHEDULES

EMERGENCY 9-1-1 FUND
Michigan Department of State Police
Department of Treasury

Schedule of Restricted Financing Sources
Fiscal Years Ended September 30

	<u>2025</u>	<u>2024</u>
FINANCING SOURCES		
Tax revenue (Note 2):		
9-1-1 service charges	\$ 39,731,968	\$ 40,857,852
Miscellaneous revenues:		
Common cash earnings - Nonoperating	1,020,711	1,335,620
Refund of prior year expenditure	<u>12,711</u>	<u>51,782</u>
Total revenues	<u>\$ 40,765,390</u>	<u>\$ 42,245,253</u>

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

EMERGENCY 9-1-1 FUND
Michigan Department of State Police
Department of Treasury

Schedule of Sources and Disposition of Authorizations
Fiscal Years Ended September 30

	<u>2025</u>	<u>2024</u>
SOURCES OF AUTHORIZATIONS (Note 3)		
Balances carried forward	\$ 22,435,078	\$ 24,803,600
Restricted financing sources	<u>40,765,390</u>	<u>42,245,253</u>
 Total	 <u>\$ 63,200,468</u>	 <u>\$ 67,048,853</u>
 DISPOSITION OF AUTHORIZATIONS (Note 3)		
Expenditures:		
Local exchange providers	\$ 15,255,217	\$ 16,794,859
Counties - Equal distributions	10,329,200	9,454,097
Counties - Per capita distributions	15,494,016	14,181,272
Public safety answering points - Training	2,067,171	2,120,655
Administration of the 9-1-1 office	883,539	787,499
Regional dispatch center support	<u>503,914</u>	<u>1,275,393</u>
 Total expenditures	 <u>\$ 44,533,057</u>	 <u>\$ 44,613,775</u>
 Balances carried forward:		
Restricted Revenues - Authorized		
Local exchange providers	\$ 15,146,631	\$ 19,283,841
Public safety answering points - Training	2,139,727	1,968,928
 Restricted Revenues - Not authorized or used		
Administration of the 9-1-1 office	857,604	761,190
Regional dispatch center support	<u>523,449</u>	<u>421,119</u>
 Total balances carried forward	 <u>\$ 18,667,411</u>	 <u>\$ 22,435,078</u>
 Total	 <u>\$ 63,200,468</u>	 <u>\$ 67,048,853</u>

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

NOTES TO THE FINANCIAL SCHEDULES

Note 1

Significant Accounting Policies

a. Reporting Entity

The accompanying financial schedules report the results of the financial transactions of the Emergency 9-1-1 Fund, administered by the Michigan Department of State Police (MSP) and the Department of Treasury (Treasury), for the fiscal years ended September 30, 2025 and September 30, 2024. The financial transactions of the Fund are accounted for as a restricted subfund within the State's General Fund and are reported on in the *State of Michigan Annual Comprehensive Financial Report (SOMACFR)*.

The notes accompanying these financial schedules relate directly to the Emergency 9-1-1 Fund. 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.

The Fund was created in 1999 to provide funding to implement Public Act 32 of 1986, as amended, known as the Emergency 9-1-1 Service Enabling Act, and to implement the Federal Communications Commission's (FCC's) wireless emergency service order. The wireless emergency service order provides for enhanced 9-1-1 service to identify the location and telephone number of a mobile telephone caller. All Michigan counties have been in compliance with the FCC's wireless emergency service order since May 2008. The Act was subsequently amended to provide for the ongoing costs of operating, maintaining, and upgrading Michigan's 9-1-1 system^{*}.

The Act established the Emergency 9-1-1 Service Committee within MSP to provide oversight, including developing Statewide standards, determining county and public safety answering point^{*} (PSAP) eligibility for funding, notifying service suppliers^{*} of 9-1-1 service charges^{*}, recommending changes in 9-1-1 service charges and distribution percentages, and collecting and reporting data to the Legislature. In June 2008, the Emergency 9-1-1 Service Committee changed its name to the State 9-1-1 Committee. Treasury collects the 9-1-1 service charges and expends the funds as required in the Act. While Public Act 260 of 2012 repealed the Act effective December 31, 2021, Public Act 126 of 2021 extended the Fund through December 31, 2027.

^{*} See glossary at end for definition.

b. Measurement Focus, Basis of Accounting, and Presentation

The financial schedules contained in this report are 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; however, certain expenditures related to long-term obligations are recorded only when payment is due and payable.

The accompanying financial schedules present only the restricted financing sources and the sources and disposition of authorizations for the Emergency 9-1-1 Fund's accounts. Accordingly, these financial schedules do not purport to, and do not, constitute a complete financial presentation of either the Fund or the State's General Fund in accordance with accounting principles generally accepted in the United States of America.

Note 2

Schedule of Restricted Financing Sources

Public Act 32 of 1986, as amended, provides for 9-1-1 service charges to be collected by service suppliers and sellers* from service users* and prepaid consumers*, respectively, and remitted to the Emergency 9-1-1 Fund. The Act imposes 9-1-1 service charges on service users and prepaid consumers of all communication devices, which generally include local telephone, cellular telephone, wireless communication, and interconnected voice over internet devices that can access emergency services by dialing 9-1-1.

The Act provides for a \$0.25 monthly 9-1-1 service charge on all communication devices, except prepaid wireless. These 9-1-1 service charges are collected from service users by service suppliers and remitted to the Emergency 9-1-1 Fund quarterly.

The Act also provides for a prepaid wireless 9-1-1 surcharge* of 6.0% per retail transaction*. The prepaid wireless 9-1-1 surcharges are collected from prepaid consumers by sellers and remitted to the Emergency 9-1-1 Fund monthly.

* See glossary at end for definition.

Note 3

Schedule of Sources and Disposition of Authorizations

The various elements of the schedule of sources and disposition of authorizations are defined as follows:

- a. Balances carried forward: Authorizations for restricted revenues - authorized and restricted revenues - not authorized or used that were not spent as of the end of the prior fiscal year. These authorizations are available for expenditure in the current fiscal year for the purpose of the carry-forward without additional legislative authorization, except for the restricted revenues - not authorized or used.
- b. Restricted financing sources: Collections of restricted revenues used to finance programs as detailed in Public Act 32 of 1986, as amended. In general, these financing sources are authorized for expenditure up to the amount of revenue recorded. Any amounts not expended at year-end are carried forward to the next fiscal year as restricted revenues - authorized and restricted revenues - not authorized or used.
- c. Expenditures: Public Act 32 of 1986, as amended, provides for the revenue collected in the Emergency 9-1-1 Fund to be distributed to local exchange providers* (25.56%), counties on an equal basis (40% of 65%), counties on a per capita basis (60% of 65%), PSAPs (5.5%), MSP for a regional dispatch center (1.5%), and MSP for administration and the 9-1-1 coordinator (2.44%):
 - (1) Local exchange providers: These expenditures are payments for reimbursement of costs related to wireless emergency service.
 - (2) Counties - Equal distributions: These expenditures are each county's share of the 9-1-1 service charges collected by Treasury and distributed on an equal basis to all counties that had a final 9-1-1 plan* in place. The counties then distribute the funds to the PSAPs within their service district to operate Michigan's 9-1-1 system.
 - (3) Counties - Per capita distributions: These expenditures are each county's share of the 9-1-1 service charges collected by Treasury and distributed based on the county populations to all counties that have a final 9-1-1 plan in place. The counties then distribute the funds to the PSAPs within their service district to operate Michigan's 9-1-1 system.
 - (4) Public safety answering points - Training: These expenditures are payments to PSAPs for training

* See glossary at end for definition.

personnel assigned to 9-1-1 centers. The submission of a request for funds and approval by the State 9-1-1 Committee are required before funds can be distributed to the PSAPs.

- (5) Administration: These expenditures are costs incurred by MSP to administer the Act, maintain the office of the State 9-1-1 coordinator, and operate a regional dispatch center.
- d. Restricted revenues - Authorized: Revenues that, by statute (Public Act 32 of 1986, as amended), are restricted and authorized for use to a particular program or activity. Generally, these revenues may be expended upon receipt without additional legislative authorization.
- e. Restricted revenues - Not authorized or used: Revenues that, by statute, (Public Act 32 of 1986, as amended), are restricted for use to a particular program or activity. Generally, the expenditure of the restricted revenues is subject to annual legislative appropriation.

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

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

Jeff Troyer, Chair
State 9-1-1 Committee
Kalamazoo County Consolidated Dispatch Authority
7040 Stadium Drive
Kalamazoo, Michigan

Rachael Eubanks, State Treasurer
Richard H. Austin Building
Lansing, Michigan

Colonel James F. Grady II, Director
Michigan Department of State Police
7150 Harris Drive
Dimondale, Michigan

Dan Scripps, Chair
Michigan Public Service Commission
P.O. Box 30221
Lansing, 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 schedules of the Emergency 9-1-1 Fund (Fund), Michigan Department of State Police and Department of Treasury, for the fiscal year ended September 30, 2025 and the related notes to the financial schedules and have issued our report thereon dated August 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial schedules, 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 schedules, 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 schedules 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, as described in Finding 1 in the body of our report, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial schedules are 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 schedules. 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 schedules 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 20, 2026

This Page Left Intentionally Blank

FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

FINDING 1

Treasury needs to improve its 9-1-1 database to ensure the accuracy of remitter collection records.

Treasury's 9-1-1 database did not provide an accurate record of collections from suppliers and retailers (remitters*), which limited MSP's ability to identify delinquent remitters.

Treasury is responsible for processing payments received from telecommunication suppliers (suppliers) and prepaid wireless telecommunication service sellers (retailers). Treasury recorded daily batch payments received in total in the Statewide Integrated Governmental Management Applications* (SIGMA). Detail from each remittance form, including the remitter, amount due, and amount paid, was recorded in the database, a subsidiary record for the Emergency 9-1-1 Fund.

MSP's State 9-1-1 Office is responsible for ensuring the suppliers and retailers are remitting revenues and the amounts paid are reasonable based on trend analyses performed. MSP needs a complete and accurate database to identify and follow up with remitters who have not paid.

Section 18.1485 of the *Michigan Compiled Laws* requires each department to establish and maintain an internal accounting and administrative control system using generally accepted accounting principles*, including recordkeeping procedures and internal control* techniques that are effective and efficient.

Our review of supplier and retailer records noted Treasury did not ensure the accuracy of remittance form detail recorded in the database. We identified 27 instances in which the amount due was recorded incorrectly. In one case, a supplier's \$2 million amount due was recorded twice.

The discrepancies noted above did not impact the accuracy of the financial schedules and are likely related to the lack of an automated match function to appropriately link payments with their corresponding remittance forms in the database. We have commented on these deficiencies with Treasury's 9-1-1 database in each of our reports beginning with the fiscal year 2015 audit. Treasury indicated in its November 2024 corrective action plan it was preparing to engage in a replacement project for the 9-1-1 database as soon as possible.

RECOMMENDATION

We again recommend Treasury improve its 9-1-1 database to ensure an accurate record of collections and remitters.

AGENCY PRELIMINARY RESPONSE

Treasury provided us with the following response:

Treasury remains fully committed to replacing the 9-1-1 database. The replacement system is already in development and is scheduled for release in November 2026. We are working closely with the necessary departmental teams to ensure the new system is delivered successfully and fulfills all required objectives.

* See glossary at end for definition.

PRIOR AUDIT FOLLOW-UP

The following is the status of the reported finding from our October 2024 financial audit* including report on internal control, compliance, and other matters of the [Emergency 9-1-1 Fund](#), Michigan Department of State Police and Department of Treasury (271-0265-24):

<u>Prior Audit Finding Number</u>	<u>Prior Finding Classification</u>	<u>Topic Area</u>	<u>Current Status</u>	<u>Current Finding Number</u>
1	Significant deficiency*	Need to improve 9-1-1 database to ensure accuracy of collection records	Repeated*	1

* See glossary at end for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

9-1-1 service charge	The charge required to be collected by a service supplier from a service user.
9-1-1 system	A system for providing a 9-1-1 service, which allows service users to reach a PSAP by dialing 9-1-1.
deficiency in internal control over financial reporting	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.
FCC	Federal Communications Commission.
final 9-1-1 plan	A plan prepared by one or more counties for implementing a 9-1-1 system in a specified 9-1-1 service district with final modification, if necessary, from the tentative 9-1-1 plan.
financial audit	An audit 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.
generally accepted accounting principles (GAAP)	A technical accounting term encompassing 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."
internal control	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.
local exchange provider	A provider of basic local exchange service, which means the provision of an access line and usage within a local calling area for the transmission of high-quality two-way interactive switched voice or data communication.

material misstatement	A misstatement in the financial schedules causing 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.
material weakness in internal control over financial reporting	A deficiency, or a combination of deficiencies, in internal control such that a reasonable possibility exists a material misstatement of the financial schedules will not be prevented, or detected and corrected, on a timely basis.
modified opinion	A qualified opinion, an adverse opinion, or a disclaimer of opinion.
MSP	Michigan Department of State Police.
OIAS	Office of Internal Audit Services.
prepaid consumer	A person who purchases prepaid wireless telecommunication services in a retail transaction.
prepaid wireless 9-1-1 surcharge	The fee required to be collected by a seller from a prepaid consumer.
public safety answering point (PSAP)	A communications facility operated on a 24-hour basis assigned the responsibility, by a public agency or county, to receive 9-1-1 calls and to dispatch public safety response services.
remitter	A seller who remits a prepaid wireless 9-1-1 surcharge or a service supplier who remits a 9-1-1 service charge to Treasury.
repeated	The wording of the current recommendation remains essentially the same as the prior audit recommendation.
retail transaction	The purchase of prepaid wireless telecommunications service from a seller for any purpose other than resale.
SBO	State Budget Office.
seller	A person who sells prepaid wireless telecommunications to another person.

service supplier	An individual, a corporation, a partnership, an association, a governmental entity, or any other legal entity providing a communication service to a service user in this State.
service user	An individual, a corporation, a partnership, an association, a governmental entity, or any other legal entity receiving a communication service (such as local telephone service or cellular telephone service).
significant deficiency in internal control over financial reporting	A deficiency, or a combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance.
SOMACFR	<i>State of Michigan Annual Comprehensive Financial Report.</i>
Statewide Integrated Governmental Management Applications (SIGMA)	The State's enterprise resource planning business process and software implementation suite supporting budgeting, accounting, purchasing, human resource management, and other financial management activities.
Treasury	Department of Treasury.
unmodified opinion	The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes the financial schedules are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

This Page Left Intentionally Blank



Report Fraud/Waste/Abuse

Online: audgen.michigan.gov/report-fraud

Hotline: (517) 334-8070