

Office of the Auditor General
Performance Audit Report

**Wastewater and Groundwater Permit
Issuance and Oversight**

Water Resources Division
Department of Environment, Great Lakes, and Energy

October 2026

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

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

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

Wastewater and Groundwater Permit

Issuance and Oversight

Water Resources Division

Department of Environment, Great Lakes, and Energy (EGLE)

Report Number:

761-0180-25

Released:

October 2026

The Water Resources Division (WRD) protects and monitors Michigan's waters by establishing water quality standards and issuing permits. WRD's mission is to make Michigan's waters safe and clean for recreation, fishing, drinking, and healthy aquatic ecosystems.

WRD's Water Quality Program issues and oversees permits imposing limitations to control the discharge of pollutants into Michigan waters. WRD's municipal permits unit regulates discharges from publicly owned treatment works while the Industrial Permits Unit limits pollution from industrial discharges. WRD's groundwater permits unit regulates the discharge of treated wastewater to the ground or groundwaters of the State. WRD staff conduct periodic inspections and review required reports to ensure facilities meet permit requirements.

The Water Quality Program was appropriated \$36 million and \$37 million in fiscal years 2024 and 2025, respectively, and was authorized 232 full-time equated positions. In addition to other permit types, WRD issued 300 and 357 industrial and municipal wastewater and groundwater permits in fiscal years 2024 and 2025, respectively.

Audit Objective			Conclusion
Objective 1: To assess the <u>effectiveness</u> of WRD's efforts to process selected permit applications.			Moderately effective
Findings Related to This Audit Objective	<u>Material Condition</u>	<u>Reportable Condition</u>	<u>Agency Preliminary Response</u>
WRD did not process 74% of our sampled permit applications within statutory timeframes or perform initial completeness reviews in a timely manner for 20% of our sampled permit applications. In addition, WRD did not refund application fees or discount annual permit renewal fees when it did not process permits within statutory deadlines, as required by statute (<u>Finding 1</u>).	X		Agrees

Audit Objective			Conclusion
Objective 2: To assess the sufficiency of WRD's efforts to monitor selected permits.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
WRD did not communicate 65% of sampled permit violations in a timely manner to permitted entities nor take enforcement action for a facility it cited for the same unapproved discharge violations in 2013 and 2023 (<u>Finding 2</u>).		X	Agrees
EGLE's website displayed only the most recent 30 occurrences out of thousands of discharges and had not published required annual reports with related information since 2021 (<u>Finding 3</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



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

October 21, 2026

Phillip Roos, Director
Department of Environment, Great Lakes, and Energy
Deborah A. Stabenow Building
Lansing, Michigan

Director Roos:

This is our performance audit report on Wastewater and Groundwater Permit Issuance and Oversight, Water Resources Division, Department of Environment, Great Lakes, and Energy.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations 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

WASTEWATER AND GROUNDWATER PERMIT ISSUANCE AND OVERSIGHT

	<u>Page</u>
Report Summary	1
Report Letter	3
 Audit Objectives, Conclusions, Findings, and Observations	
Processing Selected Permit Applications	8
Findings:	
1. Improvement needed in processing permits.	10
Monitoring Selected Permits	13
Findings:	
2. Improvement needed in compliance monitoring and enforcement processes.	15
3. Improvement needed in maintaining and publishing discharge events.	17
 Supplemental Information	
Exhibit 1 - Number and Type of Active Wastewater and Groundwater Permits	19
Exhibit 2 - Types of Wastewater and Groundwater Permits	20
Agency Description	21
Audit Scope, Methodology, and Other Information	22
Glossary of Abbreviations and Terms	26

This Page Left Intentionally Blank

AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

PROCESSING SELECTED PERMIT APPLICATIONS

BACKGROUND

The Water Resources Division (WRD) regulates discharges of wastewater* to surface waters* of the State through the National Pollutant Discharge Elimination System* (NPDES) permit program. The Natural Resources and Environmental Protection Act (NREPA), Public Act 451 of 1994, as amended, and the NPDES permitting discharge rules provide the basis for the NPDES program in Michigan. WRD also administers a state permit program regulating industrial and commercial wastewater discharges to groundwater*. These discharges to groundwater are regulated by WRD pursuant to Rule 22 of Part 31 of the NREPA (Exhibit 2).

General permits* cover facilities with similar operations and discharges. Facilities eligible to operate under a general permit receive a Certificate of Coverage* (COC). An individual permit* is site specific and based on the permittee's discharge type, facility operations, and receiving stream (Exhibit 1).

Facilities discharging wastewater to surface water or groundwater in the State, submit permit applications electronically through MiEnviro*, which is the Department of Environment, Great Lakes, and Energy's (EGLE's) web-based permitting and compliance database. Unit supervisors assign the application to a permit writer* to ensure the application is administratively complete. A WRD biologist and/or engineer develops recommended permit limits, and the permit writer will consider the recommendations and input from the unit supervisor to determine the limits to include in the draft permit. Permits can be for periods up to 5 years and generally specify an acceptable level of a pollutant* in a discharge, monitoring and reporting requirements, and other provisions. Current statutory requirements allow WRD to extend existing industrial and municipal wastewater permits* and take up to a year and a half to process reissuance of these permits.

AUDIT OBJECTIVE

To assess the effectiveness* of WRD's efforts to process selected permit applications.

CONCLUSION

Moderately effective.

FACTORS IMPACTING CONCLUSION

- WRD included the cover page, effluent limits*, monitoring and reporting requirements, and standard or special conditions in 100% of applicable sampled permits.
- WRD prepared fact sheets* or basis for decision memorandums* for 100% of applicable sampled permits.

* See glossary at end of report for definition.

- WRD accurately calculated application and permit fees and collected payment prior to issuance for 100% of applicable sampled permits.
- Permit writers prepared quality assurance and quality control (QA/QC) reports for 100% of applicable sampled permits.
- WRD ensured permitted entities identified a certified operator prior to permit issuance for 100% of applicable sampled permits.
- WRD permit writers obtained supervisor approval and maintained appropriate supporting documentation for 100% of sampled permits.
- WRD posted 100% of applicable sampled permits for public comment for the required amount of time on MiEnviro. All public notices* contained a description of the applicant's activities, the affected waterway, and the procedures for the formulation of final determinations, when required.
- Material condition* related to WRD's effort to process permit applications within statutory timeframes (Finding 1).

* See glossary at end of report for definition.

FINDING 1

Improvement needed in processing permits in a timely manner.

WRD did not always process permit applications within federal or statutory timeframes.

NREPA requires EGLE to review applications and request additional information or corrections within 30 days of submittal for new or increased use or 90 days for renewal applications. If EGLE does not address the application within these initial timeframes, Section 324.3112 of the *Michigan Compiled Laws (MCL)* indicates the application is considered administratively complete. Depending on the type of permit application, once deemed administratively complete, WRD shall grant or deny the permit by September 30 of the following year for reissuances or within 180 days for new, increased use, or groundwater permits*. WRD may extend certain existing permits while it processes the new applications. MCL Section 324.3120(4) requires WRD to return the application fee and provide a 15% discount on the annual permit fee when WRD does not process the application within the statutory timelines, unless the applicant and WRD agree to an extension.

We reviewed WRD's timeliness in performing initial completeness reviews and approving or denying 25 permit applications, as applicable, for new or reissued permit applications submitted to WRD between October 1, 2022 and April 1, 2025. As of September 30, 2025, WRD approved 8 of the applications, was still processing 11, and the deadline had not passed for 6.

We noted:

WRD exceeded statutory deadlines for 74% of sampled permit applications.

- a. WRD did not approve or deny permit applications within statutory timeframes for 14 (74%) of 19 applicable permit applications.
 - (1) WRD exceeded the statutory timeframes to approve 3 (38%) of the 8 approved applications by an average of 137 days.
 - (2) For the 11 applications in process, 6 (55%) had a deadline of September 30, 2025 and 5 (45%) exceeded the statutory timeframes by an average of 276 days. One application was for a new permit and WRD extended the other 10, previously existing permits, an average of 526 days past their expiration dates, as of September 30, 2025.
- b. WRD did not perform initial reviews to determine application completeness within 30 or 90 days of application receipt, as applicable, for 5 (20%) of 25 applicable permit applications. Of those 5:
 - (1) WRD did not request additional information from 2 (40%) applicants and took over a year to

* See glossary at end of report for definition.

indicate in MiEnviro the applications were administratively complete. Based on the timing of when the applications were submitted, the completeness review did not impact approving or denying permits within statutory timeframes.

First request for additional information was sent after the deadline passed.

- (2) WRD made its first request for additional information from 3 (60%) applicants an average of 202 days after the deadlines passed. Two of these are included in part a. for not being approved within statutory deadlines, and the deadline had not yet passed for the third.

- c. WRD did not refund the application fees or discount the annual permit fees for the 14 applications it did not process within statutory deadlines. Although WRD and one of the facilities agreed to extend the statutory deadline, WRD still did not meet the extended deadline. WRD informed us it lacked a procedure and historically issued refunds and applied discounts when requested by facilities. However, there are no provisions in the statute requiring facilities to make such requests. The amount of refunds and discounts would total \$4,800 for our sampled items.

Timely permit processing helps WRD ensure permits provide environmental protection by reflecting the most current scientific information and can help WRD avoid needing to issue application fee refunds or discount annual permit fees. It would also help WRD achieve its core functions including protecting and monitoring Michigan's surface water resources and regulating pollutant discharges. In addition, the EPA considers permits it regulates backlogged if WRD does not reissue the permit within 180 days after its expiration date. WRD indicated it historically experienced difficulty maintaining a full staff and this contributed to the backlog of permit processing. Although WRD informed us it utilizes various spreadsheets, checklists, and worksheets to monitor permit processing and assist permit writers in their review of applications for completeness, WRD did not use these tools consistently for our sampled items.

We consider this finding to be a material condition because of the high percentage of sampled permits WRD did not process in a timely manner, the number of days permits set idle before WRD performed initial reviews, and the length of time WRD extended existing permits while it processed renewal applications.

RECOMMENDATION

We recommend WRD process permit applications within federal and statutory timeframes.

We also recommend WRD issue application and annual permit fee refunds and discounts when it does not meet statutory timeframes or agreed upon extensions.

**AGENCY
PRELIMINARY
RESPONSE**

EGLE provided us with the following response:

The WRD agrees with the recommendation and will continue to implement process improvements to facilitate timely permit processing. The WRD is improving processing due date tracking and accountability to process improvements. The WRD is also implementing centralized oversight of processing timeliness to increase accountability to statutory timeframes within the Permit Section.

The WRD will continue to prioritize permit processing for new and increased use applications. In fiscal year 2025, the WRD processed 89% of new and increased use NPDES permits within required timeframes. The WRD acknowledges there are competing priorities between the EPA to process backlog reissuances, issuance of new and increased use permits, and issuance of newly received reissuance applications. The WRD acknowledges that an increased priority on timely processing of newly received reissuance applications is needed.

The WRD will review, track, and process refunds and add annual fee reductions to future issued permits. In addition, the WRD has reviewed previously issued active new/increased use permits and is processing refunds as well as annual fee reductions.

**AUDITOR'S
COMMENTS TO
AGENCY
PRELIMINARY
RESPONSE***

WRD did not provide its calculation regarding timely processing of new and increased use NPDES permits during our audit fieldwork. Once provided, we determined the calculation is not comparable with the error rates identified in this Finding because WRD included several permit types and categories we did not include in the scope of this audit. Also, it is not clear how or if WRD considered the groundwater permit applications (non-NPDES) it received in fiscal year 2025.

* See glossary at end of report for definition.

MONITORING SELECTED PERMITS

BACKGROUND

Permitted entities are required to periodically evaluate compliance with limits established in their permits and submit the results to WRD through MiEnviro. Permits specify the monitoring locations, method, and frequency. WRD's field operations section staff review the various reports to evaluate compliance with permit limits, proper use and maintenance of equipment, disposal practices, and any risk to human health or the environment. Depending on the type of permit and report, WRD is required to review these reports, generally, between 30 and 90 days; in some instances, WRD has up to a year.

In addition to reviewing reports, WRD staff inspect facilities once or twice every five years based on an annual schedule. During these visits, inspectors verify discharge monitoring reports and may collect wastewater samples for laboratory analysis to determine compliance with permit requirements. When violations occur WRD communicates them to the permittee and makes them available to the public. WRD staff monitor reports or other documentation and conduct additional on-site inspections when applicable, to ensure the facility returns to compliance. If a permitted entity fails to return to compliance, WRD can either issue a second violation notice* or escalate the violation for enforcement. Escalation procedures include WRD referring the entity internally to its enforcement unit, sending an enforcement notice* to the entity within 30 days of the referral, and executing an administrative consent order* within 180 days.

Enforcement notices advise the entity WRD has escalated the case for enforcement and indicates the consequences for failure to adequately respond, including penalties or legal action. Administrative consent orders are legally binding agreements between WRD and the permitted entity, negotiated to mandate pollution abatement and establish compliance schedules, penalties, or fines. If WRD is unable to work with the permitted entity to return to compliance or determines a crime may have been committed, it may refer the matter to the Attorney General.

AUDIT OBJECTIVE

To assess the sufficiency of WRD's efforts to monitor selected permits.

CONCLUSION

Sufficient, with exceptions.

FACTORS IMPACTING CONCLUSION

- For 100% of sampled violations, WRD ensured compliance communications and violation notices included the necessary information, such as the nature of the violation, the action required to return to compliance, and deadlines.

* See glossary at end of report for definition.

- For 96% of sampled violations, WRD continued to monitor the regulated entities' return to compliance or escalate for enforcement.
- WRD maintained a list of staff trained to respond to incidents , and response committee meeting minutes in accordance with its incident management plan.
- Reportable conditions* regarding improvements needed in compliance and enforcement processes and maintaining and publishing discharge events (Findings 2 and 3).

* See glossary at end of report for definition.

FINDING 2

Improvement needed in compliance monitoring and enforcement processes.

WRD should improve its compliance monitoring and enforcement processes. Improvement would help WRD ensure it appropriately addresses permit violations in a timely manner, deters future violations and protects public health and Michigan's environment.

EGLE policy requires WRD to communicate all violations to permitted entities within 30 or 60 days, as applicable, following WRD's determination a violation occurred. WRD issues violation notices for recurring violations, chronic or long-term violations, and violations causing immediate or potential public health risk or resource damage. Violation notices include the action the permitted entity is required to take, which could be a timely response to the notice with or without a plan, to return to compliance, and timeframes for completing each required action.

We identified 2,270 violations WRD recorded in MiEnviro between October 1, 2022 and March 31, 2025. These violations resulted from a wide range of issues including, but not limited to: inadequate documentation, faulty equipment, and exceedance of permit parameters. We randomly and judgmentally selected 26 violations and reviewed WRD's communications with the entities and subsequent monitoring and enforcement activities.

In addition, we identified 202 various required reports for 23 sampled permittees during this same time period and reviewed documentation of WRD's monitoring of these reports.

Our review determined WRD did not:

- a. Communicate 17 (65%) of the 26 violations to permitted entities in a timely manner. The following table illustrates the range of days WRD communicated the violations beyond the 30- or 60-day requirement, as applicable, and the types of violations:

Days Violation Notices Were Past Due	Count	Types of Violations
1 to 30	12	Missing reports, inappropriate sampling procedures, exceeded permit parameters, and/or faulty equipment.
31 to 60	1	Missing reports, inappropriate sampling procedures, and/or exceeded permit parameters.
61 to 90	1	Inappropriate sampling and/or unapproved discharges.
91 to 180	2	Missing reports and/or unapproved discharges.
365 or more	1	Missing reports and/or exceeded permit parameters.

Of the 17 permitted entities, 15 responded appropriately to the notices after they received them and WRD monitored their progress to address the violations. For one of the permitted entities, the deadline had not passed by the end of our review period.

- b. Initiate enforcement action for a permitted entity with unapproved discharge violations. WRD determined the entity did not adequately respond to the violation notification. As of September 30, 2025, 706 days passed since WRD completed an inspection and determined the violation occurred and 257 days passed since WRD escalated the matter internally.

WRD cited this permitted entity with the same violation in 2013 and required the entity to apply for the proper permit to address the unapproved discharge. The entity did not obtain the required permit, and WRD identified the same violation when it conducted an on-site inspection in October 2023.

WRD informed us it did not send an escalation notice to the entity or finalize an administrative consent order because of staff turnover and limited resources.

- c. Document reviews of the required reports or review all reports in a timely manner for 9 (39%) of the 23 sampled permittees. WRD had not reviewed 8 (5%) of 163 submitted reports for 5 permittees. For 7 (4%) of the 180 reports submitted by 6 of the sampled permittees, reviews took between 382 and 1,132 days to complete.

WRD informed us it does not have a central monitoring mechanism to ensure district staff issue violation notices or review required reports. Instead, each district supervisor is responsible for monitoring their staff, and the method and frequency of monitoring vary by district supervisor.

RECOMMENDATION

We recommend WRD improve its compliance monitoring and enforcement processes.

AGENCY PRELIMINARY RESPONSE

EGLE provided us with the following response:

The WRD agrees with the recommendation. The WRD is enhancing centralized oversight and accountability of compliance monitoring, reporting requirement reviews, violation notifications, and follow-up actions. The WRD will continue to notify facilities of reporting violations through automatically-generated notifications and direct facility contact. The WRD will continue, however, to prioritize responding to egregious or repeat violators, recognizing that focused responsiveness to these compliance issues may deemphasize activity on low priority administrative reporting oversights.

FINDING 3

Improvement needed in maintaining and publishing discharge events.

WRD did not always ensure it made complete listings of untreated or partially treated sewage discharges available on its website or publish the listings annually.

MCL Section 324.3112c(1) requires EGLE to compile and maintain a list of reported or known instances of sewer discharges onto land or waters of the State. EGLE is required to make this list available on its website on an ongoing basis. In addition, EGLE is required to annually publish this list and make it available to the general public. Required information on the list includes the entity responsible for the discharge, receiving waters, the volume and quality of the discharge, the time the discharge began and ended, a description of the actions taken by EGLE to address the discharge, and whether the entity responsible for the discharge is subject to a schedule of compliance approved by EGLE.

EGLE's website interfaces with its MiEnviro permitting system and is intended to provide an up-to-date list of occurrences of discharges. EGLE informed us this list is intended to provide information to the public quickly and initial reports may not always contain volume or corrective action as the discharge may be ongoing. Additionally, EGLE publishes the list in an annual Combined Sewer Overflows* (CSO), Sanitary System Overflows* (SSO), and Retention Treatment Basin* (RTB) report and includes a description of any action taken by EGLE to address the discharges and if it established a schedule of compliance when applicable. The report also contains trends and data on reported discharges, describes the causes of these discharges, and discusses the working relationships with local units of government, citizens, and other stakeholders. Several types of discharges are included in the report, including untreated or partially treated human and industrial waste, toxic materials, debris, and disease-causing organisms, and "blended" fully and partially treated wastewater.

We noted:

- a. EGLE's website, at the time of our review, displayed only the 30 most recent discharges. In response to our audit, EGLE informed us there was a glitch in MiEnviro limiting the number of records displayed. EGLE subsequently worked with the software vendor to resolve the issue. EGLE was not tracking this issue and was unsure when it began. As of November 2025, EGLE's website displayed a more than two-year history of over 2,000 discharges.
- b. EGLE had not published the annual CSO/SSO/RTB annual report since 2021. EGLE informed us they were experiencing a staffing shortage and priority was given to other projects.

* See glossary at end of report for definition.

In addition to the regulatory requirement, making discharge of untreated or partially treated sewage information readily available to the public, health departments, and other affected entities will help improve EGLE's transparency and accountability.

RECOMMENDATION

We recommend EGLE make complete listings of untreated or partially treated sewage discharges available on its website or publish the listings annually.

**AGENCY
PRELIMINARY
RESPONSE**

EGLE provided us with the following response:

EGLE agrees with the OAG's recommendation and has resolved the system bug affecting CSO/SSO search results, expanded data display capacity, and implemented additional testing to prevent future issues. The WRD will also address delays in annual CSO/SSO/RTB report publication.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit 1

WASTEWATER AND GROUNDWATER PERMIT ISSUANCE AND OVERSIGHT

Water Resources Division
Department of Environment, Great Lakes, and Energy

Number and Type of Active Wastewater and Groundwater Permits
As of June 2026

Municipal and Industrial Wastewater		Groundwater	
General permits	9	General permits	7
Certificates of coverage under a general permit:		Certificates of coverage under a general permit:	
Biosolids	5	Above ground sewage disposal	47
Groundwater cleanup wastewater	41	Application of oil field brine	20
Hydrostatic pressure test water	22	Gravel, sand, limestone, or dolomite mining	89
Mining wastewater	44	Hydrodemolition	4
Noncontact cooling water	88	Hydrostatic test water	9
Public swimming pool wastewater	77	Slaughterhouse	25
Secondary treatment wastewater	20	Vehicle wash (not open to public)	32
Wastewater discharge from potable water supply	82		
Wastewater stabilization lagoon	234	Individual permits:	
Individual permits:		Anaerobic digester	6
Industrial/commercial	220	Breweries, distilleries, hard cider production, wineries	34
Municipal	264	Commercial animal care	11
Nonmunicipal sanitary	36	Cooling water	3
		Egg washing wastewater	6
		Food production	35
		Fruit and vegetable washer	17
		Groundwater remediation	1
		Laundromat	7
		Miscellaneous	11
		Multiple wastewater sources	4
		Noncontact cooling water	9
		Portable power washer	56
		Process wastewater	17
		Rule 2210 exemption	92
		Sanitary sewage	399
		Vehicle wash	7
		Washwater	2
Total	1,142	Total	950

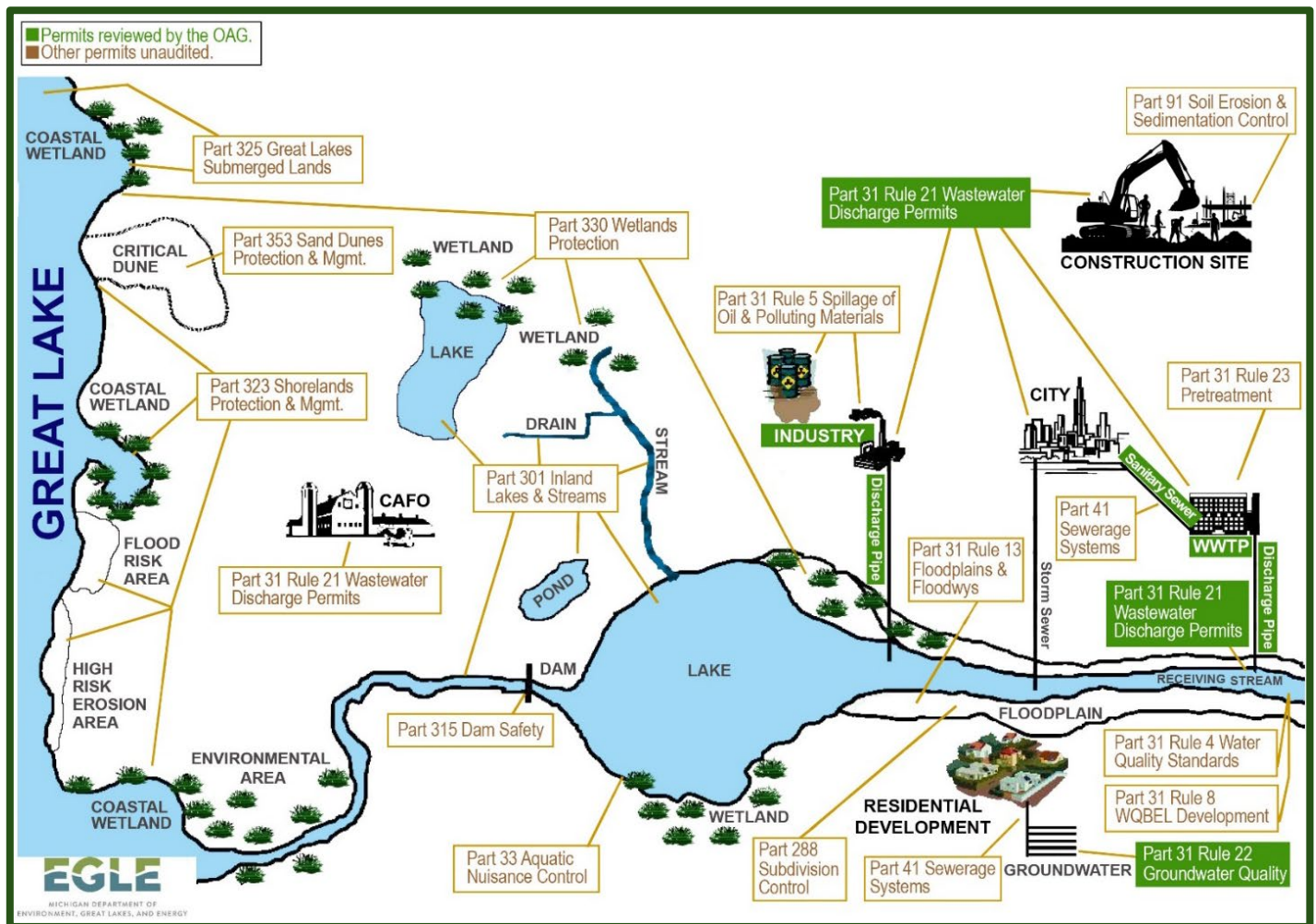
Source: The OAG created this exhibit based on information obtained from MiEnviro. This exhibit does not include stormwater, concentrated animal feeding operations, ballast water, or other WRD permits outside the scope of this audit.

WASTEWATER AND GROUNDWATER PERMIT ISSUANCE AND OVERSIGHT

Water Resources Division

Department of Environment, Great Lakes, and Energy

Types of Wastewater and Groundwater Permits



Source: Adapted from EGLE's Statute and Rules Graphic document maintained on EGLE's website and downloaded on June 24, 2026. OAG highlighted wastewater and groundwater permits included in the scope of this audit.

AGENCY DESCRIPTION

The WRD protects and monitors Michigan's waters by establishing water quality standards and issuing permits. Permits establish legally enforceable conditions for operation, reporting requirements, pollution monitoring, and testing requirements. The permit process informs Michigan citizens of proposed activities impacting the community's environment. Ultimately, permits reduce environmental impacts by facilitating compliance with requirements, and promoting technological innovation.

The Clean Water Act* (CWA) Title 33, Section 1251 et seq. of the United States Code (USC) was enacted in 1948 and was significantly reorganized and expanded in 1972. The CWA established the NPDES permit program and controls the discharge of pollutants into surface waters by imposing limitations to protect water quality. Although NPDES is a federal program, Michigan has been granted the authority to implement the program. The NREPA was established by Public Act 451 of 1994, as amended. Part 31 provides the basis for the NPDES program in Michigan and regulates all wastewater discharges including municipal, industrial, and groundwater.

The collection and treatment of domestic sewage and wastewater is vital to public health and clean water. Sewers collect sewage and wastewater from homes, businesses, and industries and deliver it to wastewater treatment facilities before it is discharged to water bodies or land. WRD's water quality program issues and oversees permits imposing limitations to control the discharge of pollutants into Michigan waters. The municipal unit regulates discharges from publicly owned treatment works* while the industrial permits* unit limits pollution from industrial discharges. The groundwater permits unit regulates the discharge of treated wastewater to ground or groundwaters of the State.

The Water Quality Program was appropriated \$36 million and \$37 million in fiscal years 2024 and 2025, respectively, and was authorized to have 232 full-time equated positions. In addition to other permit types, WRD issued 300 and 357 industrial and municipal wastewater and groundwater permits in fiscal years 2024 and 2025, respectively.

* See glossary at end of report for definition.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine policies, procedures, and documentation related to WRD's wastewater and groundwater permit issuance and oversight activities. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

WRD administers and issues several NPDES and NREPA permit programs. We directed our audit objectives and corresponding audit procedures toward municipal and industrial wastewater and groundwater discharge permits. We specifically excluded other permit types administered within WRD including stormwater discharge and sewerage construction permits.

As part of the audit, we considered the five components of internal control* (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality management, generally covered October 1, 2022 through September 30, 2025.

SUPPLEMENTAL INFORMATION

Our audit report includes supplemental information presented as Exhibits 1 and 2. Our audit was not directed toward expressing a conclusion on this information.

METHODOLOGY

We conducted a preliminary survey of WRD's permitting processes. During our preliminary survey, we:

- Interviewed WRD staff and gathered information to gain an understanding of the permit types administered by WRD and WRD's permitting and oversight responsibilities.
- Obtained data from EGLE and their permitting software, MiEnviro.
- Reviewed laws, manuals, and administrative rules pertaining to wastewater and groundwater permits.

* See glossary at end of report for definition.

- Performed a review of MiEnviro user access:
 - Identified 390 MiEnviro users with active accounts and verified with the Human Resources Management Network* they were active employees.
 - Randomly and judgmentally selected a sample of five users and verified approval of access was documented and access roles were appropriate for users' job responsibilities.
- Obtained an understanding of and assessed internal control applicable to WRD's permitting and monitoring activities.

OBJECTIVE 1

To assess the effectiveness of WRD's efforts to process selected permit applications.

To accomplish this objective, we:

- Randomly and judgmentally selected 29 of 1,752 submitted wastewater and groundwater applications, from October 1, 2022 through April 1, 2025, to determine, as applicable, if WRD:
 - Performed initial reviews of applications for completeness.
 - Processed applications within statutory timeframes.
 - Accurately calculated application and permit fees and collected payment prior to issuance.
- Reviewed 29 wastewater and groundwater individual permits and COCs under a general permit from the sample in the bullet above, in effect between October 1, 2022 and April 1, 2025, to determine, as applicable, if:
 - Permits contained the necessary information including effluent limitations, monitoring, and reporting requirements.
 - Permits contained the necessary information and boilerplate language, including NPDES standard and special conditions.
 - Fact sheets and basis for decision memorandums contained rationale of permit conditions and administrative requirements.

* See glossary at end of report for definition.

- Permit writers prepared QA/QC reports for each permit.
- WRD ensured a certified operator was identified prior to permit issuance.
- WRD accurately calculated application and permit fees and collected payment prior to issuance.
- Public notices contained the necessary information and were made available to the public for the required amount of time.
- WRD properly approved permits and maintained supporting documentation.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. We judgmentally selected samples based on risk; therefore, we could not project the results to the entire population.

OBJECTIVE 2

To assess the sufficiency of WRD's efforts to monitor selected permits.

To accomplish this objective, we:

- Identified 764 compliance and monitoring reports, due between October 1, 2022 and April 1, 2025, for 23 of the 29 permits and COCs sampled for objective 1 to determine if WRD received the reports, notified the permittees when reports were late or missing, and reviewed the reports.
- Randomly and judgmentally selected 26 out of 2,270 permit violations WRD identified from October 1, 2022 through April 1, 2025. We reviewed documentation to determine if WRD:
 - Issued compliance communications or violation notices to the regulated entities within 30 or 60 days, as applicable, containing required elements including:
 - A description of the compliance evaluation.
 - A description of each violation identified.
 - The action the regulated entity was required to take and deadlines.
 - The signature of an authorized individual.

- Followed its compliance and enforcement processes to monitor the regulated entity's return to compliance or escalated for enforcement.
- Reviewed WRD's publishing of the discharge reporting list and the public-facing, live discharge list in MiEnviro to ensure it was made available to the general public and contained the required elements.
- Obtained WRD's list of staff trained to respond to incidents and response committee meeting minutes to determine if WRD implemented its incident management plan.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. We judgmentally selected samples based on risk; therefore, we couldnot project the results to the entire population.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 3 findings and 4 corresponding recommendations. EGLE's preliminary response indicates it agrees with all 4 recommendations.

The agency preliminary response following each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* requires an audited agency to develop a plan to comply with the recommendations and submit it to SBO upon audit completion. The State of Michigan Financial Management Guide (Part VII, Chapter 3, Section 100) requires the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to 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.

GLOSSARY OF ABBREVIATIONS AND TERMS

administrative consent order	A legally enforceable document between EGLE and a permitted entity for the purpose of resolving violations.
auditor's comments to agency preliminary response	Comments the OAG includes in an audit report to comply with <i>Government Auditing Standards</i> . Auditors are required to evaluate the validity of the audited entity's response when it is inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the response, they should explain in the report their reasons for disagreement.
basis for decision memorandum	Briefly describes how permit conditions were derived and the reasons the conditions are necessary for the permit.
certificate of coverage (COC)	Facilities with similar operations or discharge types may be eligible for coverage under a general permit. Coverage is granted when the general permit provides the necessary protection for the receiving water.
Clean Water Act (CWA)	The federal law codified in Title 33, chapter 26 of the <i>United States Code</i> governing water pollution prevention and control.
combined sewer overflow (CSO)	Releases of raw sewage from older combined sewer collection systems designed to carry both sanitary sewage and stormwater. CSO events can discharge untreated human and industrial waste, toxic materials, debris, and disease-causing organisms onto the ground or into our rivers, lakes, or streams.
effectiveness	Success in achieving mission and goals.
effluent limit	Technology- and water-quality-based standards for controlling discharges of pollutants to receiving waters. Permit writers develop permit parameters protective of State water quality standards.
EGLE	Department of Environment, Great Lakes, and Energy.
enforcement notice	Notifies the permitted entity their case is being referred for escalated enforcement and offers one last chance to return to compliance. The notice specifies a deadline and consequences for failure to adequately respond or resolve the violations.

fact sheet	A document prepared for all draft NPDES permits. The document summarizes the principle facts and the significant factual, legal, methodological, and policy questions considered in preparing the draft permit, and explains how the public may comment. When a fact sheet is not required, a basis for decision memorandum must be prepared.
general permit	Covers multiple facilities in a specific category of discharges or of sludge use or disposal practices.
groundwater	The supply of freshwater found beneath the Earth's surface which supplies wells and springs for drinking water.
groundwater permit	Authorizes and regulates discharge of waste to the ground; includes seepage lagoons, septic tank/tile field systems, irrigation systems, and application of oil field brine for ice or dust control.
Human Resources Management Network	The State's integrated human resources system that processes personnel, payroll, and employee benefits data.
individual permit	A permit specifically tailored to an individual facility.
industrial permit	A legal authorization allowing an industrial facility to release its wastewater into local sewer systems. It sets strict limits on the types and amounts of pollutants to protect public health and the environment.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plan, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
material condition	A matter, in the auditor's judgment, which is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.

MiEnviro	The information system used by permittees to submit permit applications and reports. EGLE uses the system to post public notices and to display all permitting information about issued permits.
municipal wastewater permit	Allows a city or local government to release treated wastewater into waters of the State.
National Pollutant Discharge Elimination System (NPDES)	Protects water quality by imposing limitations on wastewater discharged into the surface waters of the State. Although NPDES is a federal program, Michigan has been granted the authority to implement the program.
NREPA	Natural Resources and Environmental Protection Act.
performance audit	An audit which provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
permit writer	Reviews permit applications for completeness and accuracy. When the permit writer determines the application is complete, they develop the draft permit and the justification for the permit conditions.
pollutant	Any industrial, agricultural, municipal, or physical waste including sewage, chemicals, and garbage discharged into water.
publicly owned treatment works	Any device or system used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature.
public notice	Allows EGLE to gather input from the community and affected parties before making final decisions on agency actions. A public comment period can range in length and, in some comment periods, may be granted an extension.
QA/QC	quality assurance and quality control report.

reportable condition	A matter, in the auditor's judgment, less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
retention treatment basin (RTB)	An engineered facility designed to capture, temporarily store, and provide primary treatment for mixed stormwater and sewage during heavy rain or snowmelt events.
sanitary sewer overflow (SSO)	SSOs are releases of raw sewage from separate sanitary sewer collection systems, which are designed to carry sanitary sewage but not stormwater. SSO events can discharge untreated human and industrial waste, toxic materials, debris, and disease-causing organisms onto the ground or into our rivers, lakes, or streams.
surface water	The Great Lakes and connecting waters, all inland lakes, rivers, and streams.
violation notice	A formal means of notifying the regulated entity when previous attempts to gain voluntary compliance have failed to correct a compliance issue.
wastewater	Publicly owned treatment work discharges, industrial wastewater, and industrial stormwater.
WRD	Water Resource Division.

This Page Left Intentionally Blank

This Page Left Intentionally Blank



Report Fraud/Waste/Abuse

Online: audgen.michigan.gov/report-fraud

Hotline: (517) 334-8070