

## EXECUTIVE DIGEST

# LIBRARY OF MICHIGAN

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<b>INTRODUCTION</b>	This report contains the results of our financial audit*, including the provisions of the Single Audit* Act, of the Library of Michigan for the period October 1, 1998 through September 30, 2000.
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<b>AUDIT PURPOSE</b>	This financial audit of the Library was conducted as part of the constitutional responsibility of the Office of the Auditor General and is required on a biennial basis by Act 251, P.A. 1986, to satisfy the requirements of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> .
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<b>BACKGROUND</b>	Act 540, P.A. 1982 (Sections 397.11 - 397.24 of the <i>Michigan Compiled Laws</i> ), created the Library of Michigan under the control of the Legislative Council and established an advisory Board of Trustees. The Library's primary mission* is to promote, advocate, and consistently work to achieve the highest level of library service to the State of Michigan and its residents. The Library's goals* and objectives* are to meet the information needs of the Legislature and State government, to assist Michigan libraries, and to act as a Statewide resource for the public.
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The Business Services Division has responsibility for the Library's accounting, financial reporting, and administration of federal grants. As of September 30, 2000, the Library had 102 full-time and 50 part-time employees. The Library's expenditures and operating transfers out for fiscal years 1999-2000 and 1998-99 totaled \$35,531,113 and \$35,251,970, respectively.

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**AUDIT OBJECTIVES  
AND CONCLUSIONS**

**Audit Objective:** To audit the Library's financial schedules and to examine the supplemental financial schedules, including the schedule of expenditures of federal awards, in relation to the Library's financial schedules for the fiscal years ended September 30, 2000 and September 30, 1999.

**Conclusion: We expressed an unqualified opinion\* on the Library's financial schedules. In addition, we expressed an unqualified opinion on the Library's supplemental financial schedules, including the schedule of expenditures of federal awards, in relation to the financial schedules taken as a whole.**

**Audit Objective:** To assess and report on the Library's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial schedules, and on its internal control\* over financial reporting, based on our audit of the financial schedules.

**Conclusion: Our assessment of compliance did not disclose any instances of noncompliance that could have a direct and material effect on the financial schedules. Also, our assessment of internal control over financial reporting did not disclose any material**

**weaknesses\***. However, we identified a reportable condition\* related to the recording of accounts payable (Finding 1).

**Audit Objective:** To assess and report on the Library's compliance with requirements applicable to the Library's major federal program and on its internal control over compliance in accordance with OMB Circular A-133.

**Conclusion:** We issued an unqualified opinion on the Library's compliance with requirements applicable to the Library's major federal program. Also, our assessment of internal control over compliance applicable to the Library's major federal program did not disclose any material weaknesses.

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AUDIT SCOPE	<p>Our audit scope was to examine the financial and other records of the Library of Michigan for the period October 1, 1998 through September 30, 2000. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States; and OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>, and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.</p> <p>Our audit excluded capital outlay accounts, which are administered by the Legislative Service Bureau.</p>
AGENCY RESPONSE AND PRIOR AUDIT FOLLOW-UP	<p>Our audit report contains one finding and one corresponding recommendation. The Library's corrective action plan indicates that it agrees with our finding and</p>

recommendation. The plan also indicates that the Library's corrective action is completed and ongoing.

There were no findings or recommendations in the prior Library Single Audit report.