Michigan

Office of the Auditor General

REPORT SUMMARY

Financial Audit

Including the Provisions of the Single Audit Act
October 1, 2001 through September 30, 2003

Department of Education

Report Number:
31-100-04

Released:
June 2004

A Single Audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with State compliance requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Schedules and Financial Statements:

Auditor's Reports Issued

We issued unqualified opinions on the Department's financial schedules and on the School Aid Fund's financial statements.

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Internal Control Over Financial Reporting

We did not report any findings related to internal control over financial reporting.

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Noncompliance Material to the Financial Schedules or Financial Statements

We did not identify any instances of noncompliance applicable to the financial schedules or financial statements that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 16 programs as major programs and issued 5 qualified and 11 unqualified opinions. The opinions issued by major program are identified on the back of this summary.

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Internal Control Over Major Programs

We identified reportable conditions related to internal control over major programs (Findings 2 through 13). We consider Findings 2 through 6 to contain material weaknesses.

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Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 2 through 13).

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Systems of Accounting and Internal Control:
We determined that the Department was not in substantial compliance with Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws* (Finding 1).

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We audited the following programs as major programs:

CFDA Number	***Program Title***	***Compliance Opinion***
10.550	Food Donation	Qualified
10.553, 10.555, 10.556	Child Nutrition Cluster	Unqualified
84.027, 84.173	Special Education Cluster	Qualified
84.181	Special Education - Grants for Infants and Families with Disabilities	Unqualified
84.186	Safe and Drug-Free Schools and Communities - State Grants	Unqualified
84.281	Eisenhower Professional Development State Grants	Qualified
84.282	Charter Schools	Qualified
84.298	Innovative Education Program Strategies	Unqualified
84.318	Education Technology State Grants (Technology Literacy Challenge Fund Grants)	Unqualified
84.340	Class Size Reduction	Qualified
84.348	Title I Accountability Grants	Unqualified
84.352	School Renovation Grants	Unqualified
84.357	Reading First State Grants	Unqualified
84.367	Improving Teacher Quality State Grants	Unqualified
84.369	Grants for State Assessments and Related Activities	Unqualified
93.575	Child Care and Development Block Grant	Unqualified

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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