



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit
Including the Provisions of the Single Audit Act

Report Number:
251-0100-09

Department of History, Arts and Libraries

October 1, 2006 through September 30, 2008

Released:
June 2009

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 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:

Auditor's Report Issued

We issued an unqualified opinion on the Department of History, Arts and Libraries' (HAL's) financial schedules.

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Internal Control Over Financial Reporting

We identified significant deficiencies in internal control over financial reporting (Findings 1 through 3). We consider Finding 1 to be a material weakness.

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**Noncompliance and Other Matters
Material to the Financial Schedules**

We did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under *Government Auditing Standards*. However, we did identify other instances of noncompliance (Findings 4 and 5).

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 3 programs as major programs and reported known questioned costs of \$6.8 million. HAL expended a total of \$12.0 million in federal awards during the two-year period ended September 30, 2008. We issued 1 qualified opinion and 2 adverse opinions. The opinions issued by program are identified on the back of this summary.

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Internal Control Over Major Programs

We identified significant deficiencies in internal control over federal program compliance (Findings 6 through 8). We consider Findings 6 through 8 to be 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 6 through 8).

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Systems of Accounting and Internal Control:

We determined that HAL was in substantial compliance with Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws*.

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We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Compliance Opinion</u>
15.904	Historic Preservation Fund Grants-In-Aid	Qualified
15.929	Save America's Treasures	Adverse
45.310	Grants to States	Adverse

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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