



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

November 30, 2011

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Director:

In accordance with the State of Michigan, Financial Management Guide, Part VII, the following is a summary table identifying our response and corrective action plan to address recommendations contained within the Office of the Auditor General's Single Audit Report of the Michigan Finance Authority, a discretely presented component unit of the State of Michigan, for the period of October 1, 2008 through September 30, 2010.

Audit Recommendations the agency complied with:

1. Byrd Honors Scholarships, CFDA 84.185A

We recommend that the Department of Treasury improve its internal control over the Byrd Honors Scholarships Program to ensure compliance with federal laws and regulations regarding reporting.

Response

The necessary corrections have been made to the payment process that led to the errors on the reporting process. The reporting for the next cycle of the program will include carry-over funds. This was completed in June 2011.

2. Credit Enhancement for Charter School Facilities, CFDA 84.354

We recommend that the Authority improve its internal control over the Credit Enhancement for Charter School Facilities Program to ensure compliance with federal laws and regulations regarding procurement and suspension and debarment.

Response

The Michigan Finance Authority will continue to rely on representations from the charter schools. However, the language in the documents will be modified to specifically address the suspension and debarment question. The Authority will review the federal *Excluded Parties List System* to verify that charter schools are not suspended or debarred. The Authority also established a written accounting procedure to address this issue that was effective 4/19/2011.

Audit recommendations the agency agrees with and will comply: **None**

Audit recommendations the agency disagrees with: **None**

Should you have any questions regarding the summary table or correction action plan, please contact Timothy Johnson, Assistant Director, Michigan Finance Authority Fiscal and Trust Functions, at johnsont15@michigan.gov or (517) 335-4405.

Sincerely,

Signature Redacted

Bruce Hanses, Administrator
Departmental Services Division

Cc: Dennis Muchmore, Executive Office
Wendy Siegel, Executive Office
Thomas McTavish, Office of the Auditor General
Mary Ann Cleary, House Fiscal Agency
Ellen Jeffries, Senate Fiscal Agency
Earl Poleski, House Appropriations Sub-committee
John Pappageorge, Senate Appropriations Sub-committee
Jud Gilbert, House Standing Committee
Jack Brandenburg, Senate Standing Committee
Mary MacDowell, Chief Deputy Treasurer
Joe Fielek, State and Authority Finance
John Barton, Authority Finance Division
Timothy Johnson, Authority Finance Division