



Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

Management Letter  
State of Michigan Comprehensive Annual  
Financial Report  
State Budget Office  
Department of Technology, Management,  
and Budget

Report Number:  
071-0010-12

Released:  
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*Generally accepted auditing standards require that significant deficiencies that come to the auditor's attention during the audit be reported. This management letter is the result of such items coming to our attention during the audit of the fiscal year 2010-11 State of Michigan Comprehensive Annual Financial Report (SOMCAFR), which resulted in an unqualified opinion on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Michigan.*

**Significant Deficiencies:**

Medicaid Accrual

The Department of Community Health (DCH) and the Office of Financial Management (OFM), within the Department of Technology, Management, and Budget (DTMB), did not have sufficient internal control in place to prevent, or detect and correct, misstatements and ensure the accuracy of the Medicaid accrual (Finding 1).

Tax Accruals

OFM, in conjunction with other State departments, did not have sufficient internal control in place to prevent, or detect and correct, misstatements and ensure the accuracy of the tax accruals (Finding 2).

Capital Assets

OFM, in conjunction with other State departments, did not have sufficient

internal control in place to ensure that all capital assets were properly accounted for and reported in accordance with generally accepted accounting principles and the State of Michigan Financial Management Guide (FMG) (Finding 3).

Oversight of Accrual Methodologies

OFM, in conjunction with DCH, did not ensure that accrual methodologies submitted to OFM were appropriately revised, approved, and followed (Finding 4).

**Agency Response:**

Our management letter includes 4 findings and 4 corresponding recommendations.

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



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