



OAG

Office of the Auditor General

Report Summary

Single Audit Report

State of Michigan

Fiscal Year Ended September 30, 2014

**Report Number:
000-0100-15**

**Released:
June 2015**

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 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 statements, and assesses compliance with direct and material requirements of the major federal programs.

Financial Statements:

Auditor's Report Issued

We have audited the State of Michigan's basic financial statements as of and for the fiscal year ended September 30, 2014 and have issued a separate report thereon dated December 29, 2014. We issued unmodified opinions on the State's basic financial statements.

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Internal Control Over Financial Reporting

We considered the State of Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified. We did identify significant deficiencies in internal control as reported in the Report on Internal Control, Compliance, and Other Matters for the *State of Michigan Comprehensive Annual Financial Report* (071-0010-15M).

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Compliance and Other Matters

We performed tests of the State's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of our tests disclosed no instances of noncompliance or other

matters that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

**Report on Compliance for
Each Major Federal Program**

We have audited the State's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs. We and other auditors audited 35 programs as major programs and reported known questioned costs of \$5.5 million (net). The State expended a total of \$20.8 billion in federal awards during the fiscal year ended September 30, 2014. We issued 27 unmodified opinions, 7 qualified opinions, and 1 adverse opinion. The opinions issued by major program are identified on the following pages. We identified instances of noncompliance that are required to be reported in accordance with OMB Circular A-133. The findings are identified by major program on the following pages.

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Report on Internal Control Over Compliance

We considered the State's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program. We identified deficiencies in internal control over compliance that we consider to be material weaknesses and others we consider to be significant deficiencies as described in the findings identified by major program on the following pages.

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Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the State's basic financial statements. The information therein has been subjected to the auditing

procedures applied in the audit of the State's basic financial statements and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the State's basic financial statements as a whole.

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Identification of Major Programs, Type of Opinion Issued on Compliance, Known Questioned Costs, and Audit Finding Numbers:

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
10.551 and 10.561	SNAP Cluster, including ARRA	Qualified	\$1,498,832	<u>2014-001</u> <u>2014-002</u> <u>2014-003</u> <u>2014-004</u> <u>2014-010</u>
10.553, 10.555, 10.556, and 10.559	Child Nutrition Cluster	Unmodified	\$0	<u>2014-009</u> <u>2014-015</u> <u>2014-020</u>
10.565, 10.568, and 10.569	Food Distribution Cluster	Unmodified	\$0	<u>2014-009</u> <u>2014-020</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified	\$0	<u>2014-004</u> <u>2014-005</u> <u>2014-018</u>
10.558	Child and Adult Care Food Program	Unmodified	\$1,265,549	<u>2014-009</u> <u>2014-015</u> <u>2014-020</u> <u>2014-024</u> <u>2014-025</u> <u>2014-026</u>
14.228	CDBG - State-Administered CDBG Cluster	Unmodified	\$0	Not Applicable
17.258, 17.259, and 17.278	WIA Cluster	Unmodified	\$0	<u>2014-027</u>
20.205 and 20.219	Highway Planning and Construction Cluster, including ARRA	Unmodified	\$0	<u>2014-028</u> <u>2014-029</u>
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants, including ARRA	Unmodified	\$0	<u>2014-030</u> <u>2014-031</u> <u>2014-032</u>
66.458	Clean Water State Revolving Fund Cluster	Unmodified	\$0	Not Applicable
66.468	Drinking Water State Revolving Fund Cluster	Unmodified	\$0	Not Applicable
84.027 and 84.173	Special Education Cluster (IDEA)	Unmodified	\$0	<u>2014-009</u> <u>2014-033</u> <u>2014-034</u>
84.377 and 84.388	School Improvement Grants Cluster, including ARRA	Unmodified	\$0	<u>2014-009</u> <u>2014-035</u>
84.010	Title I Grants to Local Educational Agencies	Unmodified	\$0	<u>2014-009</u> <u>2014-017</u> <u>2014-020</u>
84.048	Career and Technical Education - Basic Grants to States	Unmodified	\$0	<u>2014-009</u> <u>2014-020</u> <u>2014-036</u> <u>2014-037</u>
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Unmodified	\$670,962	<u>2014-010</u> <u>2014-038</u>
84.287	Twenty-First Century Community Learning Centers	Unmodified	\$0	<u>2014-009</u> <u>2014-017</u> <u>2014-020</u> <u>2014-039</u> <u>2014-040</u>
84.367	Improving Teacher Quality State Grants	Unmodified	\$11,353	<u>2014-009</u> <u>2014-017</u> <u>2014-041</u>

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
93.558	TANF Cluster	Adverse	(\$5,203,156)	2014-001 2014-002 2014-003 2014-004 2014-006 2014-010 2014-011 2014-012 2014-018 2014-021 2014-042 2014-043 2014-044 2014-045 2014-046 2014-047 2014-048 2014-049 2014-050 2014-051 2014-052
93.575 and 93.596	CCDF Cluster	Qualified	\$237,886	2014-001 2014-002 2014-004 2014-010 2014-053 2014-054 2014-055 2014-056
93.775, 93.777, and 93.778	Medicaid Cluster, including ARRA	Qualified	\$1,477,954	2014-001 2014-002 2014-003 2014-004 2014-005 2014-007 2014-008 2014-010 2014-011 2014-012 2014-014 2014-016 2014-018 2014-019 2014-022 2014-023 2014-057 2014-058 2014-059 2014-060 2014-061 2014-062 2014-063 2014-064 2014-065 2014-066 2014-067 2014-068 2014-069 2014-070 2014-071 2014-072 2014-073
93.268	Immunization Cooperative Agreements	Unmodified	\$0	2014-004
93.563	Child Support Enforcement	Unmodified	\$0	2014-004 2014-021 2014-074
93.566	Refugee and Entrant Assistance - State Administered Programs (continued on next page)	Unmodified	\$18,213	2014-001 2014-002 2014-004 2014-005 2014-007

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
93.566	Refugee and Entrant Assistance - State Administered Programs (continued)			2014-008 2014-010 2014-011 2014-075 2014-076
93.568	Low-Income Home Energy Assistance	Qualified	\$218,083	2014-001 2014-002 2014-004 2014-010 2014-021 2014-077 2014-078
93.658	Foster Care - Title IV-E, including ARRA	Qualified	\$6,242,649	2014-004 2014-006 2014-010 2014-011 2014-012 2014-013 2014-021 2014-079 2014-080 2014-081
93.659	Adoption Assistance	Qualified	(\$75,874)	2014-004 2014-006 2014-010 2014-011 2014-012 2014-082
93.667	Social Services Block Grant	Unmodified	(\$2,350,520)	2014-004 2014-006 2014-010 2014-011 2014-012 2014-013 2014-021
93.674	Chafee Foster Care Independence Program	Unmodified	\$90,280	2014-004 2014-006 2014-021 2014-083 2014-084
93.958	Block Grants for Community Mental Health Services	Qualified	\$1,294,697	2014-004 2014-019 2014-021 2014-085
93.994	Maternal and Child Health Services Block Grant to the States	Unmodified	\$10	2014-004 2014-005 2014-007 2014-008 2014-014 2014-016 2014-022 2014-023 2014-086 2014-087
96.001	Disability Insurance/SSI Cluster	Unmodified	\$72,765	2014-010 2014-088 2014-089 2014-090

Major Programs Audited by Others

CFDA Number(s)	Name of Federal Program or Cluster	Opinion	Known Questioned Costs	Audit Finding Number(s)
14.182 and 14.856	Section 8 Project-Based Cluster	Unmodified	\$0	2014-091
14.239	Home Investment Partnerships Program	Unmodified	\$0	2014-092
17.225	Unemployment Insurance, including ARRA	Unmodified	\$0	2014-093

Total known questioned costs (net)

\$5,469,683