



# National State Auditors Association

August 31, 2003

Mr. Thomas H. McTavish, CPA, Auditor General  
Office of the Auditor General  
201 North Washington Street  
Lansing, Michigan 48913

Dear Mr. McTavish:

We have reviewed the system of quality control of the State of Michigan, Office of the Auditor General (the Office) in effect for the period September 1, 2002 through August 31, 2003 and have issued our report thereon dated August 31, 2003. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion.

## **Finding:**

The reporting standards for performance audits as required by generally accepted government auditing standards (GAGAS) state that auditors should appropriately issue their reports to make the information available for timely use by management, legislative officials, and other interested parties. The reporting standards also state that auditors should consider interim reporting of significant matters to appropriate officials during the audit. Such communication, which may be oral or written, is not a substitute for a final report, but it does alert officials to matters needing immediate attention and permits them to correct the matters before the final report is completed.

The Michigan Office of the Auditor General (OAG) developed a standard report processing timeline to issue most reports within five months after fieldwork is completed. We sampled 5 of the 35 performance audits issued during the review period and noted that one report was issued within five months, three reports were issued from seven to ten months, and one report was issued over twelve months after the end of fieldwork.

## **Recommendation:**

We recommend that the management of the OAG review its performance audit process to improve the timeliness in issuing its final reports.

## **Response:**

In the last year, the OAG has lost 25 (18%) of 136 audit staff as a result of early retirements and funding reductions. This has greatly impacted the audit completion and report release dates.

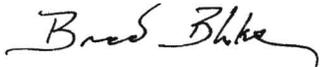
For every report, the OAG used interim reporting, as appropriate, to communicate audit results as provided for under GAGAS. While all reports were considered relevant by auditee management and other report users, we agree that there is always room to improve the timeliness of reporting.

In May 2003, the OAG conducted an internal survey of audit supervisors in an attempt to identify common impediments in processing reports on a timely basis. The responses will be analyzed by a recently established audit delays and denials committee to pursue additional options in an attempt to accelerate the release of final reports.

Respectfully submitted,



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