



OAG

Office of the Auditor General

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Doug A. Ringler, C.P.A., C.I.A.
Auditor General

January 6, 2015

Dear Governor Snyder, Senators, and Representatives:

This letter provides information regarding the status of our audit projects that either began or transitioned into new audit phases during December 2014. Please refer to our website's [Work in Process](#) for a complete listing of ongoing projects. Although you will no longer receive individual letters reporting the start of audits or approved audit objectives, we would be pleased to discuss with you any interests or areas of concern you have with any of our ongoing projects.

Planning Phase – These are new projects. Typical activities include conducting: the audit entrance meeting; a preliminary survey to identify the audited entity's core activities; assessments of risks and corresponding controls to identify potential program or process improvements or deficiencies; interviews with management and staff, development of detailed audit objectives, and many other tasks.

<u>Department</u>	<u>Audit Title and Type</u> (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	<u>Project Number</u>
Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund – (fin)	641-0161-15
Licensing and Regulatory Affairs	Regulation of Nursing Homes – (per)	641-0451-15

Audits Terminated – For these projects, after completing the planning phase, we concluded that significant risk did not exist to warrant additional use of audit resources. We issued a Preliminary Survey Summary to reflect this conclusion, distributed copies to management and select legislative members, and posted the summaries on our website.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
None		

Audit Fieldwork – Typical activities include: additional management and staff interviews; detailed testing of financial transactions, case files, information systems, and other documentation which support the entity's operations; status updates with management and staff; and other tasks.

Department	Audit Title and Type	Project Number
Agriculture and Rural Development	Farm Produce Insurance Authority – (con)	NA
Transportation	Sault Ste. Marie Bridge Authority – (con)	NA

Approved Objectives:

1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards.

Please note that some projects, particularly financial audits and follow-up reports, operate from pre-established audit objectives and, therefore, move directly to the audit fieldwork stage.

Report Preparation – Typical activities include: preparing the draft audit report, discussion of draft findings with the audited entity, receipt of the entity's preliminary responses to findings, and other tasks.

Department	Audit Title and Type	Project Number	Estimated Audit Release Date
Technology, Management, and Budget	401K Report Processing – (fin)	071-0156-15	Jan. 2015
Technology, Management, and Budget	457 Report Processing – (fin)	071-0157-15	Jan. 2015
Treasury	Michigan Finance Authority – (fin)	271-0340-15	Jan. 2015
State	Driver and Vehicle Related Systems – (per)	231-0525-14	Feb. 2015
Technology, Management, and Budget	Oracle Database Controls – (per)	071-0565-14	Feb. 2015

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Community Health	Medicaid Customer Service Division – (per)	391-0731-14	12/02/14	0	0
Technology, Management, and Budget	State Sponsored Group Insurance Fund – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/03/14	NA	NA
Treasury	Principal Residence Exemption Program – (per)	271-0245-14	12/03/14	1	2
Treasury	Michigan Education Savings Program – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/05/14	NA	NA
Transportation	Mackinac Bridge Authority – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/09/14	NA	NA
Licensing and Regulatory Affairs	Unemployment Insurance Agency – Administration Fund – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/10/14	NA	NA
Licensing and Regulatory Affairs	Unemployment Insurance Agency – Unemployment Compensation Fund – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/10/14	NA	NA
Licensing and Regulatory Affairs	Unemployment Insurance Agency – Contingent Fund – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/10/14	NA	NA
Licensing and Regulatory Affairs	Unemployment Insurance Agency – Obligation Trust Fund – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/10/14	NA	NA
Treasury	Bureau of State Lottery – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/10/14	NA	NA

Audits Released Continued

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Corrections	General Controls of the Offender Management Network Information System – (fol)	471-0592-07F	12/11/14	0	1
Technology, Management, and Budget	State Surplus – (per)	071-0139-14	12/11/14	2	1
Technology, Management, and Budget	State Building Authority – Financial Report for the Fiscal Year Ended September 30, 2014 – (con)	NA	12/11/14	NA	NA
Licensing and Regulatory Affairs	Workforce Development Agency's Oversight of the Michigan Works! Agencies, Michigan Strategic Fund – (fol)	641-0820-07F	12/16/14	0	4
Treasury	Michigan Education Trust, Plan D – (fin)	271-0283-15	12/30/14	0	0
Treasury	Michigan Education Trust, Plans B and C – (fin)	271-0284-15	12/30/14	0	0

Although we report this information to you on a monthly basis, we immediately correspond with management and staff as our projects transition through the various stages referenced above.

Please contact me or Laura Hirst, Deputy Auditor General, at (517) 334-8050 if you have questions regarding this summary or wish to discuss specific audit projects.

Sincerely,



Doug Ringler
Auditor General