



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

January 4, 2016

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 2015. 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.

Department	Audit Title and Type (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	Project Number
Corrections	Automated Information Systems - (per)	471-0593-16

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 or that extenuating circumstances supported the termination of the project. 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.

Department	Audit Title and Type	Project Number
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 - FY 2015 - (con)	NA
Approved Objectives:		
<ol style="list-style-type: none"> 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. 		

Department	Audit Title and Type	Project Number
Licensing and Regulatory Affairs	Self Insurers' Security Fund - (fin)	641-0101-16
Approved Objectives:		
<ol style="list-style-type: none"> 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. 		

Department	Audit Title and Type	Project Number
State Police	Commercial Vehicle Enforcement Division - (per)	551-0144-15
Approved Objectives:		
<ol style="list-style-type: none"> 1. To assess the effectiveness of CVED's planning efforts. 2. To assess CVED's efforts to maximize the effectiveness of its enforcement operations. 3. To assess the effectiveness of CVED's school bus inspection program. 		

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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Estimated Audit Release Date</u>
Treasury	Michigan Education Trust, Plan D - (fin)	271-0283-16	January 2016
Treasury	Michigan Education Trust, Plans B and C - (fin)	271-0284-16	January 2016
Treasury	Michigan Finance Authority - (fin)	271-0340-16	January 2016
Corrections	Prisoner Transportation - (per)	471-0390-15	February 2016
Environmental Quality	Medical and Solid Waste and Scrap Tire Programs, Office of Waste Management and Radiological Protection - (per)	761-0330-15	February 2016
Licensing and Regulatory Affairs	Unemployment Insurance Agency - Claimant Services - (per)	641-0318-14	February 2016

Audits Released

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Date Released</u>	<u>Number of</u>	
				<u>Material Weaknesses</u>	<u>Reportable Conditions</u>
Transportation	Mackinac Bridge Authority - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/2/2015	NA	NA
State	Licensing and Regulation of Automotive-Related Businesses and Mechanics - (per)	231-0701-15	12/3/2015	0	3
Talent and Economic Development	Unemployment Insurance Agency - Administration Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/4/2015	NA	NA
Talent and Economic Development	Unemployment Insurance Agency - Unemployment Compensation Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/4/2015	NA	NA
Talent and Economic Development	Unemployment Insurance Agency - Contingent Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/4/2015	NA	NA

Audits Released Con't

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Talent and Economic Development	Unemployment Insurance Agency - Obligation Trust Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/4/2015	NA	NA
Technology, Management, and Budget	State Sponsored Group Insurance Fund - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/4/2015	NA	NA
Treasury	Michigan Education Savings Program - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/4/2015	NA	NA
Technology, Management, and Budget	Real Estate Division - (per)	071-0126-15	12/7/2015	0	1
Technology, Management, and Budget	State Building Authority - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/8/2015	NA	NA
Technology, Management, and Budget	Report on Internal Control Over Financial Reporting, Michigan Public School Employees' Retirement System - Schedule of Employer Allocations and Schedule of Collective Pension Amounts - Fiscal Year Ended September 30, 2014 - (fin)	071-0164-15	12/11/2015	0	1
Corrections	Oaks Correctional Facility - (per)	471-0222-15	12/15/2015	0	1
Technology, Management, and Budget	Statewide UNIX Security Controls - (per)	071-0563-15	12/17/2015	2	5
Technology, Management, and Budget	Physical Security and Environmental Controls Over IT Resources - (per)	071-0500-15	12/18/2015	2	4
Treasury	Bureau of State Lottery - Financial Report for the Fiscal Year Ended September 30, 2015 - (con)	NA	12/18/2015	NA	NA
Transportation	Traffic and Safety Section - (per)	591-0162-15	12/22/2015	0	2

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,

A handwritten signature in blue ink that reads "Doug Ringler". The signature is written in a cursive style with a large initial "D" and a stylized "R".

Doug Ringler
Auditor General