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Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • www.audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

March 1, 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 February 2016. 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>
Technology, Management, and Budget	Program Change Controls - (per)	071-0520-16
Technology, Management, and Budget	Windows Operating System Security - (per)	071-0564-16
Technology, Management, and Budget	Project Management of System Development Projects - (per)	071-0585-16
Transportation	Use of Transportation-Related Funding - (per)	591-0105-16
Transportation and Technology, Management, and Budget	Grant Management System - (per)	591-0593-16
Treasury	Office of Privacy and Security - (per)	271-0160-16

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.

<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
Environmental Quality	Great Lakes Water Quality Bond Fund Expenditures	761-0400-16
Approved Objective:		
1. To assess the effectiveness of DEQ's efforts to ensure that Great Lakes Water Quality Bond Fund expenditures comply with the law.		

Department	Audit Title and Type	Project Number
Health and Human Services	Interstate Compact Programs - (per)	431-0273-15
Approved Objectives:		
1. To assess the effectiveness of MDHHS's efforts to ensure the safe placement of children across state lines.		
2. To assess whether MDHHS complied with certain required programmatic timeframes for the placement of children across state lines.		
3. To assess the effectiveness of MDHHS's efforts to appropriately transfer supervision of juveniles across state lines.		
4. To assess the effectiveness of MDHHS's efforts to monitor the movement of juveniles across state lines.		

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
Environmental Quality	Office of Drinking Water and Municipal Assistance - (per)	761-0320-15	March 2016
Treasury	Investment-Related Systems, Bureau of Investments - (per)	271-0585-15	March 2016
State Police	Law Enforcement Information Network (LEIN) - (per)	551-0597-15	April 2016
Technology, Management, and Budget	Office of Retirement Services - Clarity System - (per)	071-0521-15	April 2016
Treasury	Michigan Strategic Fund (Fiscal Year Ended September 30, 2015) - (fin)	271-0401-16	April 2016
Treasury	Michigan Economic Development Corporation (Fiscal Year Ended September 30, 2015) - (fin)	271-0406-16	April 2016

Audits Released

Department	Audit Title and Type	Project Number	Date Released	Number of	
				Material Weaknesses	Reportable Conditions
Technology, Management, and Budget	Report on Internal Control, Compliance, and Other Matters - Michigan State Employees' Retirement System (Fiscal Year Ended September 30, 2015) - (fin)	071-0151-16	2/2/2016	0	0
Unemployment Insurance Agency, Talent and Economic Development and Technology, Management, and Budget	Michigan Integrated Data Automated System (MiDAS) - (per)	641-0593-15	2/5/2016	2	6
Environmental Quality	Medical Waste, Scrap Tire, and Solid Waste Programs - (per)	761-0330-15	2/18/2016	0	8
Military and Veterans Affairs	Grand Rapids Home for Veterans - (per)	511-0170-15	2/19/2016	5	4
Treasury	Michigan Education Trust, Plan D - (fin)	271-0283-16	2/22/2016	0	0
Treasury	Michigan Education Trust, Plans B and C - (fin)	271-0284-16	2/22/2016	0	0
Treasury	Transition in the Office of State Treasurer - (fin)	271-0256-15	2/23/2016	0	0
Technology, Management, and Budget	Report on Internal Control, Compliance, and Other Matters - Michigan Public School Employees' Retirement System (Fiscal Year Ended September 30, 2015) - (fin)	071-0152-16	2/25/2016	0	1
Corrections	Prisoner Transportation - (per)	471-0390-15	2/29/2016	0	3

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