



# OAG

Office of the Auditor General

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

**Doug A. Ringler, CPA, CIA**  
Auditor General

February 3, 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 January 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.

<b>Department</b>	<b>Audit Title and Type</b> (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	<b>Project Number</b>
Licensing and Regulatory Affairs	Unemployment Insurance Agency, Michigan Integrated Data Automated System (MIDAS) - (per)	641-0593-15
Technology, Management, and Budget	Physical Security of Information Technology Resources - (per)	071-0500-15
Technology, Management, and Budget	Statewide UNIX Security Controls - (per)	071-0563-15
Technology, Management, and Budget	Procurement Card Program - (per)	071-0705-15

**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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Human Services	W.J. Maxey Boys Training School - (per)	431-0274-14

**Approved Objectives:**

1. To assess the School's efforts to provide adequate facility safety and security.
2. To assess the sufficiency of DHS's and the School's efforts to monitor youth treatment progress and evaluate school treatment programs.
3. To assess the sufficiency of DHS's and the School's efforts to monitor youth educational progress and evaluate school educational services.
4. To assess the School's safeguarding of youths' cash and personal belongings.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
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Licensing and Regulatory Affairs	Self-Insurers' Security Fund - (fin)	641-0101-15
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Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund - (fin)	641-0161-15
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**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.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>	<u>Estimated Audit Release Date</u>
Technology, Management, and Budget	Michigan State Employees' Retirement System - (fin)	071-0151-15	Feb. 2015
Technology, Management, and Budget	Michigan Public School Employees' Retirement System - (fin)	071-0152-15	Feb. 2015
Technology, Management, and Budget	Michigan Judges' Retirement System - (fin)	071-0153-15	Feb. 2015
Technology, Management, and Budget	Michigan State Police Retirement System - (fin)	071-0154-15	Feb. 2015
Treasury	Michigan Strategic Fund - (fin)	271-0401-15	Feb. 2015
Treasury	Michigan Economic Development Corporation - (fin)	271-0405-15	Feb. 2015
Agriculture and Rural Development	Environmental Stewardship Division - (per)	791-0122-14	Mar. 2015

### 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>
Community Health	Community Health Automated Medicaid Processing System (CHAMPS) Claims Edits - (per)	391-0525-14	01/16/15	0	4
State	Motor Vehicle Title and Registration Process - (per)	231-0200-14	01/16/15	1	5
Technology, Management, and Budget	Data Security Using Mobile Devices - (per)	071-0555-14	01/22/15	1	3
Treasury	Michigan Finance Authority - (fin)	271-0340-15	01/22/15	0	0
Human Services	Child Abuse and Neglect Prevention Board (Children's Trust Fund) - (per)	431-0178-14	01/27/15	0	4
State Police	Forensic Science Division - (per)	551-0160-14	01/29/15	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