



# 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

August 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 July 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.

<u>Department</u>	<u>Audit Title and Type</u> (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	<u>Project Number</u>
Corrections	Oaks Correctional Facility - (per)	471-0222-15
Corrections	Prisoner Transfers and Transportation - (per)	471-0390-15
Education	Michigan School Readiness Program - (per)	313-0260-15

**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 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>
Education	At Risk Programs - (per)	313-0160-15
Transportation	Bureau of Transportation Planning - (per)	591-0150-15
Transportation	Safety and Security Administration - (per)	591-0163-15

**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.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Corrections	Substance Abuse Services - (per)	471-0360-15
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>1. To assess the sufficiency of SAS's efforts to monitor contractors providing substance abuse and sexual offender treatment services.</li> <li>2. To assess the sufficiency of SAS's efforts to evaluate program outcomes.</li> </ol>		

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Health and Human Services	Statewide Single Audit - Department of Health and Human Services Component - (sa)	000-0200-16
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>1. A single audit determines whether the financial statements are presented fairly and considers internal control over financial reporting and on compliance and other matters.</li> <li>2. In addition, the single audit evaluates the State's compliance with laws, regulations, and provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs.</li> </ol>		

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Technology, Management, and Budget	Retirement Systems - (fin)	071-0150-16
Technology, Management, and Budget	Deferred Compensation Plans - (fin)	071-0155-16
Treasury	Michigan Finance Authority - (fin)	271-0340-16
<b>Approved Objectives:</b>		
<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>		

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	Workers' Compensation & Long-Term Disability Programs - (per)	071-0141-14	September 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>
Corrections	Prisoner Medical, Dental, and Optical Services - (per)	471-0300-14	7/2/2015	0	5
Natural Resources	Oil and Gas Management - (per)	751-0700-14	7/15/2015	0	1
Licensing and Regulatory Affairs	Liquor Purchase Revolving Fund - (fin)	641-0161-15	7/17/2015	0	0
Treasury	Office of Collections - (per)	271-0153-14	7/20/2015	4	5
Treasury	Emergency 9-1-1 Fund. Department of Treasury and Department of State Police - (fin)	271-0265-15	7/30/2015	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