

OFFICE OF THE AUDITOR GENERAL

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PRESENTATION TO:

HOUSE GENERAL GOVERNMENT SUBCOMMITTEE OF
THE STANDING COMMITTEE ON APPROPRIATIONS

FEBRUARY 24, 2016

INTRODUCTION

Michigan Constitution, Article IV, Section 53

- The Auditor General is a Constitutional officer and principal executive of the Office of the Auditor General, established in the Legislative Branch of State government.

Appointment

- Appointed by the Legislature for an eight-year term
- Most recent appointment effective June 9, 2014

Responsibility

- To conduct post financial and performance audits of State government operations

Mission

- To improve the accountability for public funds and to improve State government operations



ORGANIZATION

Staffing Levels

- February 1, 2016 - 156 including 2 audit interns and 2 student assistants
- 58 certified public accountants
- 15 certified information systems auditors
- 3 certified internal auditors
- 1 certified fraud examiner
- 2 certified government financial managers
- 23 master's degrees

Professional Standards

- Generally accepted auditing standards of the American Institute of Certified Public Accountants
- *Government Auditing Standards* issued by the Comptroller General of the United States
- Peer Reviews every three years – most recent was October 2015



FINANCIAL INFORMATION

Fiscal Year 2016

- \$22,840,500 Gross
- \$15,460,100 GF/GP
- OAG Salary and Benefits equal 95.2%

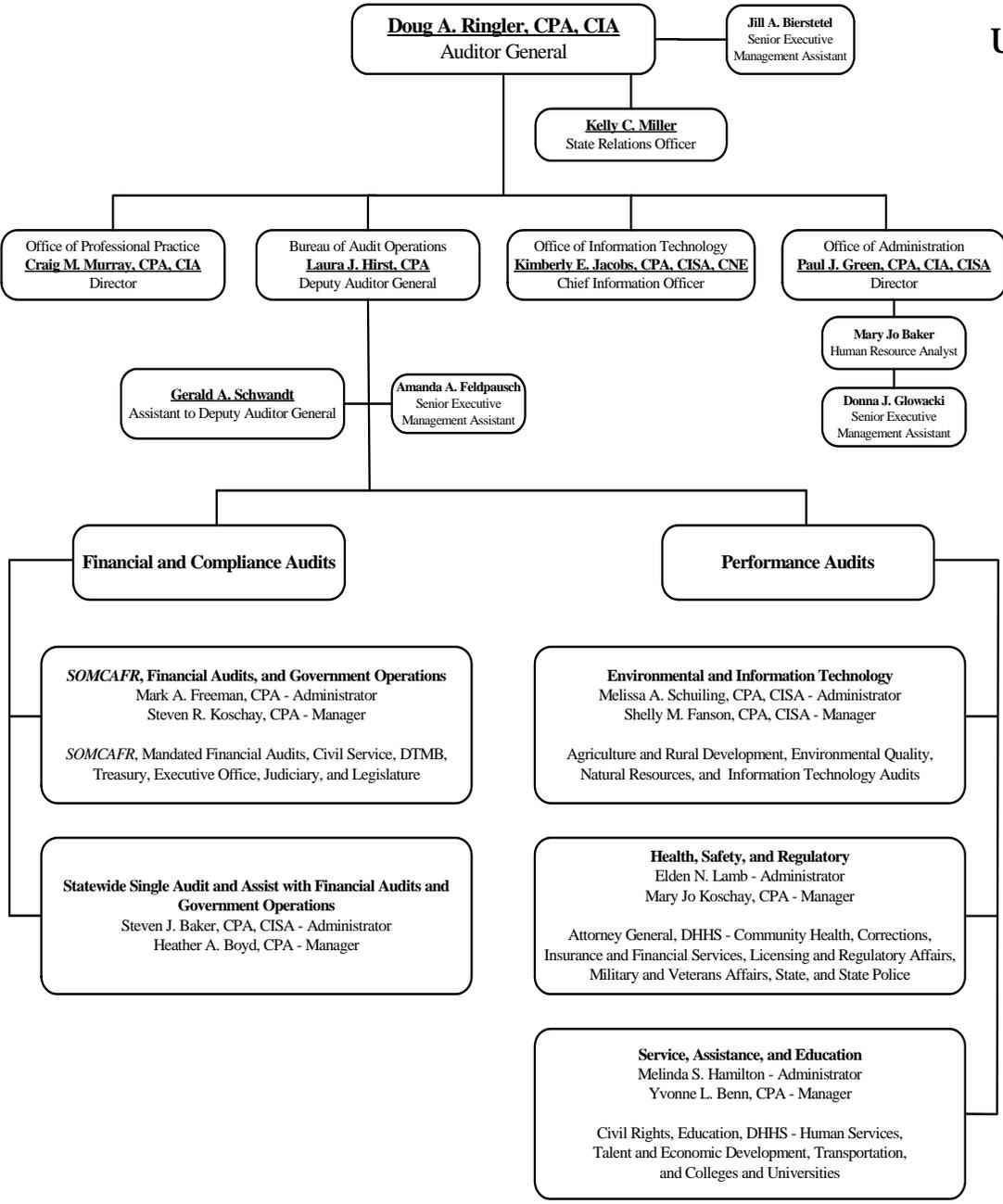
Fiscal Year 2017, OAG Request

- \$23,451,900 Gross
- \$15,923,900 GF/GP

OAG Request versus Current Year

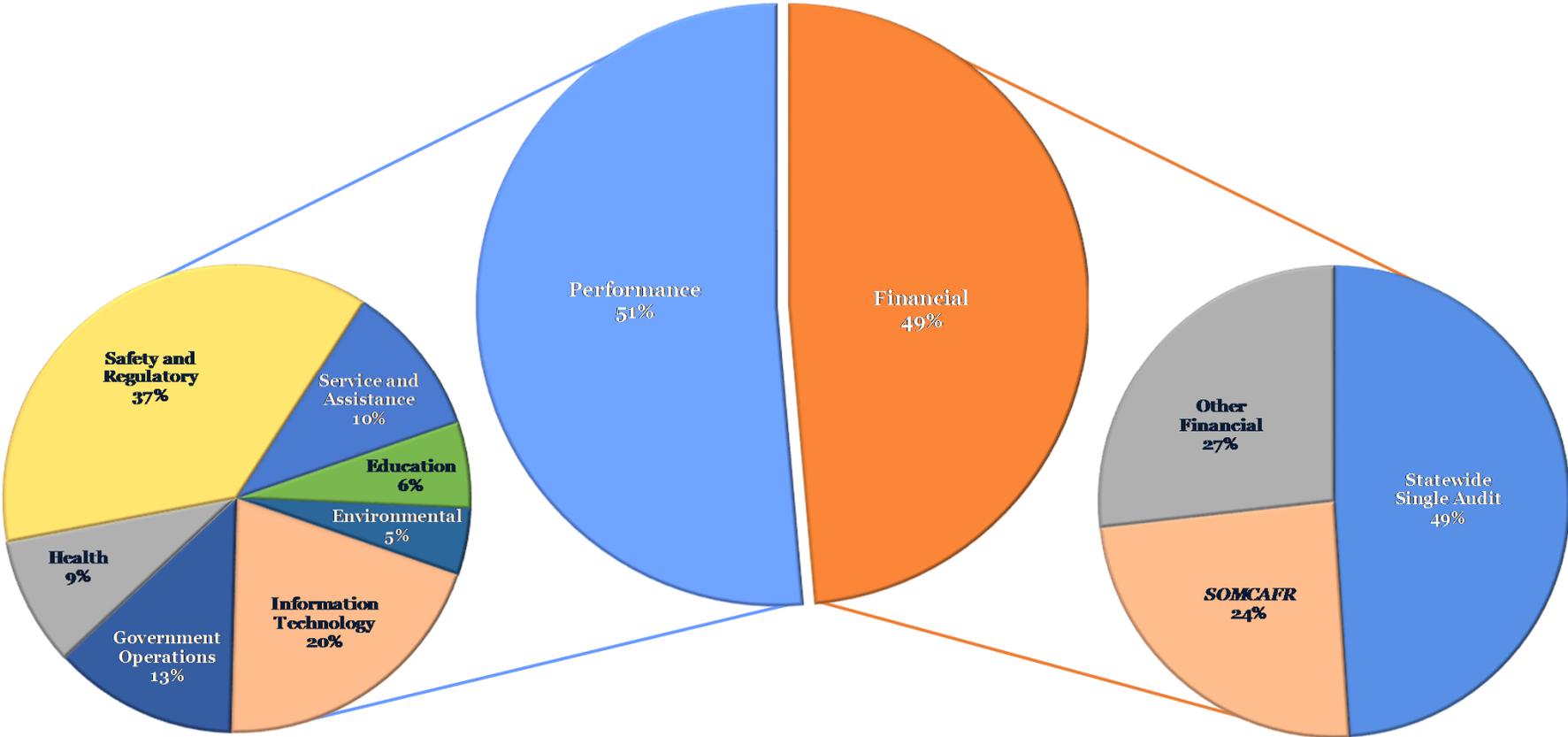
- \$611,400 Gross increase
- \$463,800 GF/GP increase
- Assumed economics increase is 2.5% (\$527,000)





AUDIT SERVICES

Distribution of Direct Hours, Fiscal Year 2015



AUDIT TYPES

Financial Audits

- Provide reasonable assurance that financial statements or schedules are presented fairly in all material respects
- Typically required by State or Federal law

Performance Audits

- Provide conclusions generally related to effective and/or efficient operations
- Includes IT audits of major state applications and operating environments
- Many are discretionary and identified using risk assessment process

Audit Finding Follow-Ups

- Assess an entity's compliance with prior audit findings
- Generally focused on material weaknesses



FY17 ACTION PLAN

- Audit oversight requirement of Flint water related State funding, Public Act 3 of 2016 (HB 5220)
- Clarify OAG access to data and responsibility to maintain data confidentiality
- IT auditing
 - Horizontal audits impacting IT systems across State government
 - Reliability of State IT systems for financial reporting and performance data
 - Participation on SIGMA to positively impact audit efficiency at implementation
 - Protecting citizens' confidential information
- Updating the OAG audit report tracking system - Management Information System
- Collaborating with Executive Branch agencies to address repeat audit findings
- Ongoing staff training



ONGOING INITIATIVES

- Including an audit report summary table in each audit report, refining verbiage.
- Calling out of key information in each audit report.
- Providing 6-month audit plan to legislative leadership and departments.
- Giving monthly status report to Legislators and Governor.
- Listing work in process on the OAG website.
- Addressing suggestions from October 2015 Peer Review.



ADMINISTRATIVE EFFICIENCIES

- Investing in new staff.
- Involving audit supervisors in Legislative committee testimony.
- Shortening time between end of audit fieldwork and final audit report.
- Focusing resources where significant risk or opportunity for improvement exists.
- Issuing public Preliminary Survey Summaries for terminated audits.

QUESTIONS

www.audgen.michigan.gov