

OFFICE OF THE AUDITOR GENERAL

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PRESENTATION TO:

House General Government Subcommittee of the
Standing Committee on Appropriations

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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

- March 1, 2017 - 157 including 2 audit interns and 1 student assistant
- 61 certified public accountants
- 15 certified information systems auditors
- 3 certified internal auditors
- 2 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 2017

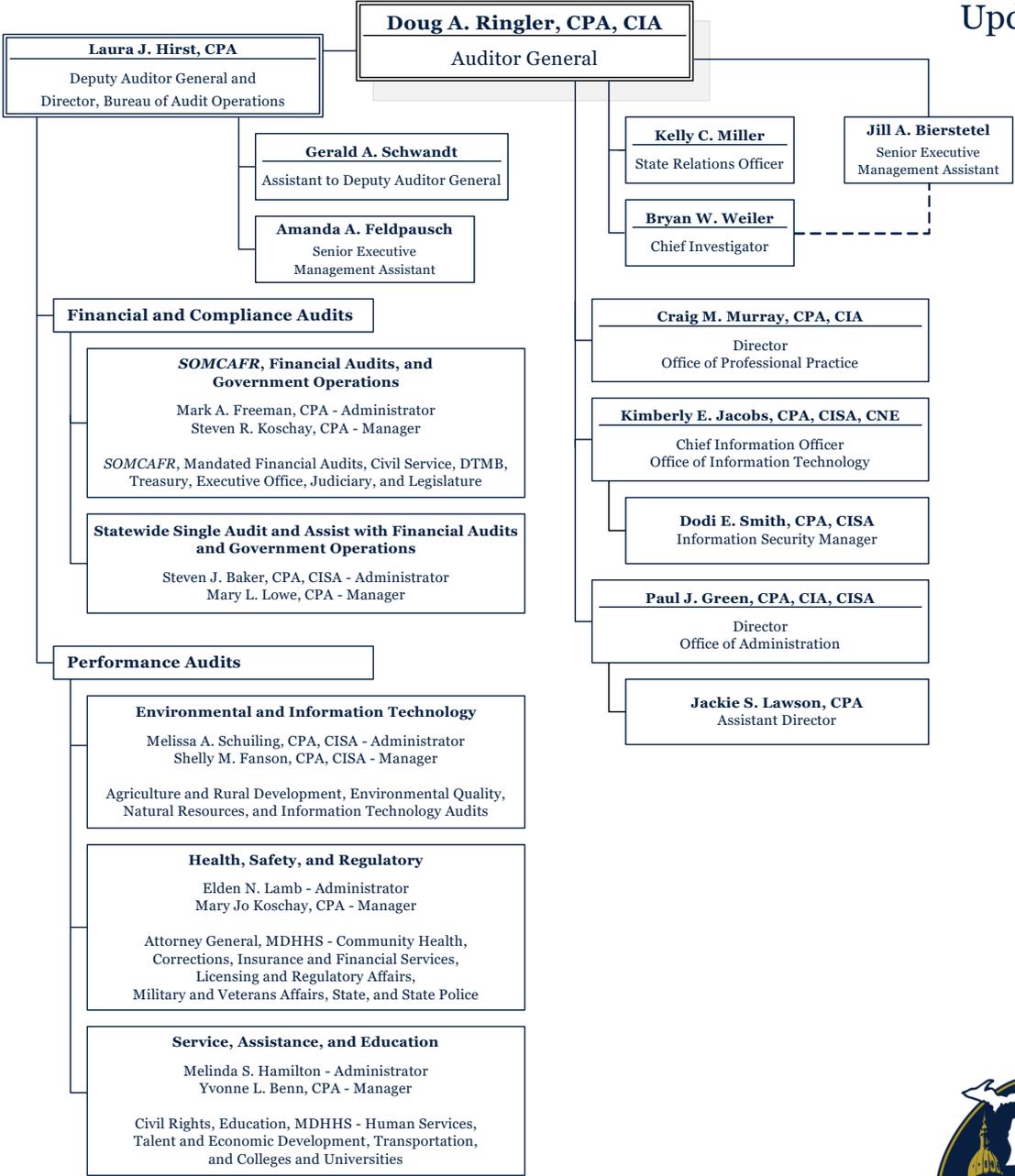
- \$23,651,900 Gross
- \$16,123,900 GF/GP
- Salary and Benefits estimate 94.9%

Fiscal Year 2018, OAG Request

- \$24,286,200 Gross
- \$16,607,600 GF/GP

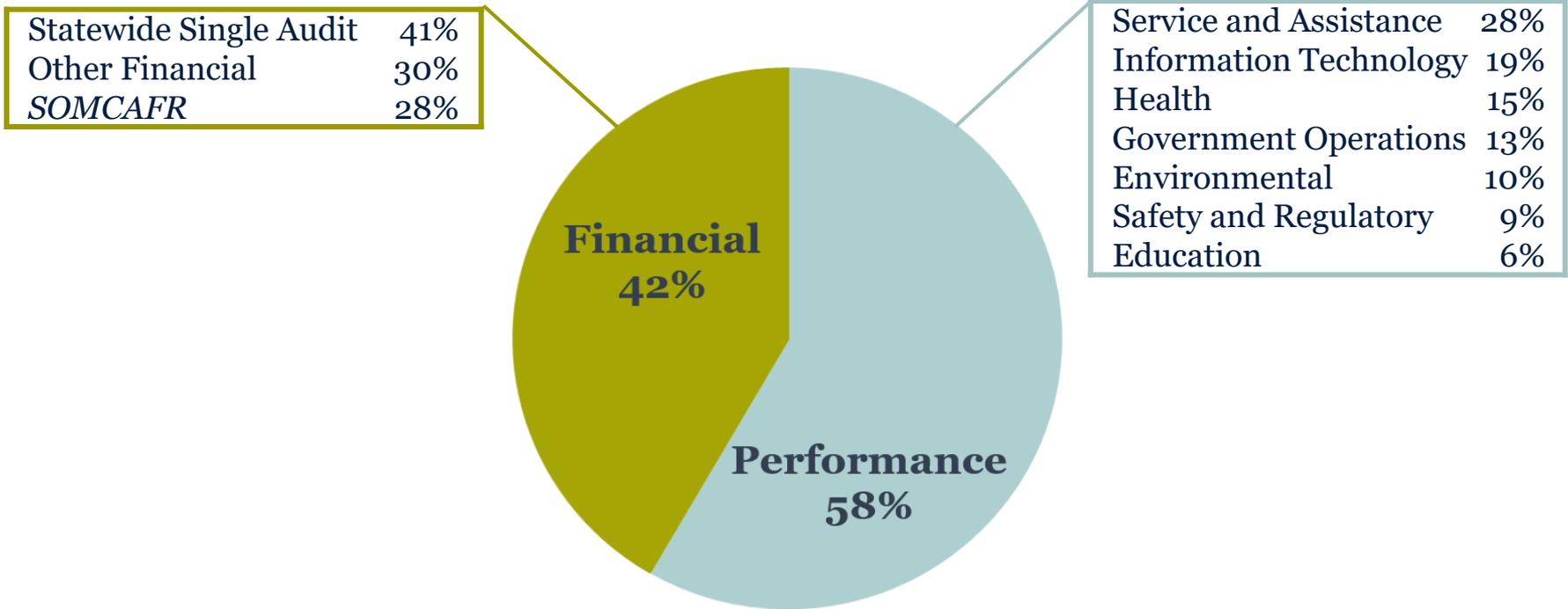
OAG Recommended versus Current Year

- \$634,300 Gross increase
- \$483,700 GF/GP increase
- Assumed economics increase is about 3% (\$628,000)



AUDIT SERVICES

Distribution of Direct Hours, Fiscal Year 2016



TYPES OF AUDITS AND OTHER PROJECTS

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 a risk assessment process

Audit Finding Follow-Ups

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

Preliminary Survey Summaries

- Summary information from projects that we decided to terminate

Letters

- Information researched and compiled upon request



ACTION PLAN PRIORITIES

- Supporting House Bill 4259 (Graves)
 - Introduced February 21, 2017, and referred to the House Committee on Oversight
 - Amends MCL 13.101 to:
 - Recognize use of electronic data in auditing
 - Clarify authority to access confidential data for audit purposes
 - Codify our policy and responsibility to protect confidential data
- Addressing Information Technology Concerns
 - Conducting horizontal audits of State government IT systems
 - Testing reliability of IT systems for reporting financial and performance data
 - Consulting for SIGMA positively impacts audit efficiency at implementation
 - Protecting citizens' confidential information
- Integrating fraud, waste or abuse audit investigations
- Updating the OAG audit report tracking IT system
- Continuing the streamlining of audit report writing and processing
- Collaborating with State executive branch agencies to address repeat audit findings
- Investing in staff support, training, and mentoring



IMPROVING AUDIT TRANSPARENCY

The Office of the Auditor General provides:

- A summary table in reports provides a snapshot of audit purpose and results
- A 6-month tentative audit plan to legislative leadership and departments
- A monthly audit status report to Legislators and Governor
- Detailed work in progress on the OAG website
- List of upcoming reports and recently released reports located on our website
- Involving the audit supervisor in legislative committee report testimony

QUESTIONS

www.audgen.michigan.gov