STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

March 10, 2011

Mr. Randy Prindle
Office of Chief Financial Officer
U.S. Department of Education
830 First Street, N.E.
Washington, D.C. 20202

Dear Mr. Prindle:

The Michigan Department of Education has noted that many FY 2010 audits included findings related to SAS 112 stating that school district personnel did not have the expertise or knowledge to prepare financial statements according to GAAP. The Department concurs with all of its subrecipients' requests to receive waivers of material findings due to the lack of staff expertise to prepare financial statements for the purpose of receiving low-risk auditee status. This is the only material finding for which we agree to a waiver. We maintain that all other criteria stipulated in Section _.530 of the OMB Circular A-133 (June 2010) must be met before any subrecipient may be deemed a low-risk auditee.

If you have any questions or need additional information regarding this issue, please contact me at (517) 335-6858.

Sincerely,

Kathleen A Weller

Kathleen A. Weller, CPA
Director, Office of Audits

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