



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

RICK SNYDER  
GOVERNOR

MICHAEL P. FLANAGAN  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

February 23, 2012

Ms. Lihong Guo  
Audit Resolution Specialist  
Office of the Chief Financial Officer  
FIPAO/Post Audit Group  
550 12<sup>th</sup> Street, SW  
Room 6033  
Washington, DC 20202-4450

Dear Ms. Guo:

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, CPA  
Director, Office of Audits

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608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909  
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