



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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NUMBERED LETTER 2008-2

AUDIT FILING STATUS

Issued By: Local Audit and Finance Division, Bureau of Local Government Services

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2008-2. This Numbered Letter announces the filing status of audits submitted to the Michigan Department of Treasury.

In accordance with Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act, the Michigan Department of Treasury (Department) is responsible for regulating and monitoring the submission of audited financial statements for units of local government in Michigan. The Act mandates that all audits are performed using generally accepted auditing standards (GAAS) and that the financial statements presented conform to accounting principles generally accepted in the United States of America (GAAP). Consequently, there are certain conditions that would require further review or rejection of an audit by this Department. Those conditions would include, but would not be limited to the following:

- Noncompliance with Department guidelines or other state agency standards. For example, financials statements that do not conform to the Uniform Reporting Format or audits that are not conducted in accordance with Treasury's Audit Bulletin;
- Audit reports that do not include the Auditing Procedures Report (APR), Form 496, or that include an incomplete APR ;
- Audit reports that do not include comments and recommendations, a management letter, or other required communications when applicable;
- Financial statements that do not conform to GAAP such as cash basis statements or those that do not conform to Governmental Accounting Standards Board (GASB) Statement No. 34;
- Audit reports that were completed by a certified public accounting (CPA) firm that did not apply GAAS or by a CPA not licensed to conduct audits in the State of Michigan.
- Disclaimer opinions and certain adverse and qualified opinions;
- Incomplete financial statements. For example, those that are missing funds or combining statements;
- Audit reports that are not filed appropriately. For example, the sending of paper audit reports after the date on which the electronic filing of audit reports is required.

These examples of unacceptable audits could require various responses from our Department which may include one or more of the following:

- A request for more or different information;
- Rejection of the audit, requiring the unit of local government to submit a revised or new report;
- Monitoring of the local unit - Treasury accepts audit and monitors future report(s) or requires regular reports on certain activities;
- Treasury conducts field review of the local unit at the local unit's expense.

If there is a condition that requires further review, we will inform the local unit or the CPA regarding the progress of their submission.

If you have any questions, please contact our office.

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