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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

March 13, 2024

The Honorable Winnie Brinks
Senate Majority Leader
State Capitol Building, Room S-102
Lansing, Michigan
and
The Honorable Aric Nesbitt
Senate Minority Leader
State Capitol Building, Room S-105
Lansing, Michigan

The Honorable Joe Tate
Speaker of the House
State Capitol Building, Room H-164
Lansing, Michigan
and
The Honorable Matt Hall
House Republican Leader
State Capitol Building, Room H-167
Lansing, Michigan

Senators and Representatives:

I am writing today to draw your attention to significant reductions proposed to our Office's FY 2025 budget within the Executive Budget recommendation, and to seek direction regarding whom within the legislature we should meet to further discuss this matter.

In the Executive Budget, funding for 23 interdepartmental grants (IDGs) and 13 appropriations from special revenue funds were removed and replaced with a \$100 placeholder. This reflects a decrease of approximately \$9.3 million from FY24. While the Executive Budget recommendation included a General Fund increase of about \$1 million, the net \$8.3 million (28%) decrease would significantly impair the oversight we provide to you and the public. It would also result in many instances of conflict with existing state law. The reductions occurred after it was our understanding the Legislative Leadership supported a 5% increase in our overall budget.

The Constitution provides our Office the exclusive right to perform financial and performance post audits of all branches, departments, and agencies. In addition, nearly all IDGs are backed by existing state statute requiring our Office to either conduct annual audits or to select the firms to perform this work. The largest IDG, approximately \$3.2 million for the Statewide Single Audit, is required by federal regulations and would put the State's approximate \$34 billion in federal funds at risk without our completion of the audit.

The 13 appropriations from special revenue funds support a variety of periodic projects, with some audits also required by existing state statutes. Funding this work from the General Fund would be problematic, considering state law requires the General Fund to be used as the last funding source if restricted, federal, or other funds are available.

Our Office has routinely lapsed General Funds during my 10-year tenure as Auditor General. Our operating practices are to provide estimates of costs prior to the commencement of work and bill only for actual costs incurred upon completion, when applicable. We use a billing rate well below that of private firms and return unused appropriations to restricted funds.

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The Honorable Joe Tate
The Honorable Matt Hall

Strong legislative support allows us to provide valuable insight into the operations of key programs, identify opportunities for improvement, and assess compliance with laws. Your support also allows us to continue to upgrade and maintain our technology and the necessary controls to address the ever-expanding threats to cyber security. Our staffing levels are relatively steady, despite the challenges public and private firms face recruiting auditing professionals.

We received no advance notice of the Executive Budget reductions and no direct feedback regarding the reason behind them. I look forward to meeting with you or other designated personnel to discuss any questions you may have and to work toward restoring our funding so we can continue to provide valuable oversight and partnership in an independent, objective, and transparent manner.

Sincerely,



Doug Ringler
Auditor General

- c: The Honorable Sarah Anthony, Chair, Senate Appropriations Committee
- The Honorable Jon Bumstead, Minority VC, Senate Appropriations Committee
- The Honorable Angela Witwer, Chair, House Appropriations Committee
- The Honorable Sarah Lightner, Minority VC, House Appropriations Committee
- The Honorable John Cherry, Chair, Senate Appropriations Subcommittee on General Govt.
- The Honorable Thomas Albert, Minority VC, Senate Appropriations Subcommittee on General Govt.
- The Honorable Felicia Brabec, Chair, House Appropriations Subcommittee on General Govt.
- The Honorable Ann M. Bollin, Minority VC, House Appropriations Subcommittee on General Govt.