

To the Board of Directors and Management of
Michigan Statewide Independent Living Corp.
Lansing, Michigan

In planning and performing our audit of the financial statements of Michigan Statewide Independent Living Corp. as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Michigan Statewide Independent Living Corp.' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in Michigan Statewide Independent Living Corp.'s internal control to be material weaknesses:

2019-001 – Grant Reconciliation – See attached Schedule

This communication is intended solely for the information and use of management and the board of directors of Michigan Statewide Independent Living Corp., and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be the name of the auditor or representative, written in a cursive style.

East Lansing, Michigan
February 14, 2020

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Finding Considered Material Weakness:

2019-001 – Grant Expenditures

Condition and Criteria: Grant expenditures did not appear to be supported by and tied to underlying accounting records in accordance with the financial management of 2 CFR 200.302.

Effect: Funds were requested without supporting expenditures

Cause: Expenditure reports and funding requests were not reconciled to expenditures in the accounting records.

Context: Lack of proper reconciliation caused the organization to be out of compliance for expenditures by not properly reporting expenditures identifying and tying them to the proper funding source

Questioned Costs: \$40,497

Auditor's Recommendation: Appropriate written policies and procedures should be established and adhered to regarding documentation of grant expenditures, and reconciliation to the underlying accounting records. Notification of grantor agencies is required to set up arrangements for the amounts deferred.

Resolution: Accounting policies and procedures have been put in place to enforce reconciliation of the federal grant/project budget, leverage, commitment and expenditure amounts. MSILC is working on repaying the questioned costs.