

## EXECUTIVE DIGEST

# MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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### INTRODUCTION

This report contains the results of our financial audit\* of the Michigan Economic Development Corporation (MEDC) for the period April 1, 1999 through September 30, 1999.

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### AUDIT PURPOSE

This financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial audits are conducted at various intervals to permit the Auditor General to express an opinion on the State's financial statements.

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### BACKGROUND

Article VII, Section 28 of the State Constitution and Act 7, P.A. 1967, provided for the creation of MEDC as a public body corporate. MEDC was created by a 10-year contract (interlocal agreement) between a participating local economic development corporation formed under Act 338, P.A. 1974, and the Michigan Strategic Fund (MSF). MEDC is a separate legal entity whose purpose is to stimulate, coordinate, and advance economic development in the State. Under the terms of the agreement, the governance of MEDC resides in an executive committee of 17 members appointed to eight-year, staggered terms by the Governor.

As of September 30, 1999, MEDC had 7 corporation employees and 228.5 full-time equated and 13 part-time employees who were detailed\* from MSF.

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AUDIT OBJECTIVES  
AND CONCLUSIONS

**Audit Objective:** To assess and report on MEDC's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements, and on its internal control\* over financial reporting, based on our audit of the financial statements.

**Conclusion:** Our assessment of compliance did not disclose any instances of noncompliance that could have a material effect on MEDC's financial statements. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses\*. However, our assessment disclosed a reportable condition\* regarding MEDC accounting and financial reporting (Finding 1).

**Audit Objective:** To audit MEDC's financial statements as of and for the six months ended September 30, 1999.

**Conclusion:** We expressed an unqualified opinion\* on MEDC's financial statements.

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AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Michigan Economic Development Corporation for the period April 1, 1999 through September 30, 1999. Our audit was conducted in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included

such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

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ENTITY RESPONSES

Our audit report includes one finding and recommendation. MEDC's preliminary response indicates that it agrees with the finding and recommendation.