



STATE OF MICHIGAN

DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

LISA WEBB SHARPE
DIRECTOR

May 22, 2008

MEMORANDUM

TO: Mike Moody, Director
Office of Financial Management

FROM: Mike Gilliland, Director
DMB-Financial Services

SUBJECT: Response to the Financial Audit of the Michigan Exposition and Fairgrounds Authority
Conducted by: Office of the Auditor General
Period of Covered in Audit: October 1, 2006 – September 30, 2007
Issue Date: March 2008
Exit Conference: No
Submitted to OFM: Yes
OFM Acceptance: No
Final Response: Not final until compliance with all recommendations has occurred
Material Weakness: None
Compliance Rate: 0/2

Recommendation No. 1: Internal Control

DMB properly record accounting entries related to expenses and accounts receivable write-off.

Response:

a) DMB specifically requested and was granted approval through the Legislative transfer process to treat these building costs as expenditures of DMB's Building occupancy charges, rent and utilities appropriation. Thus, DMB believes that these expenditures were appropriately charged to the authorized appropriation line item.

b) DMB agrees and will comply.

Recommendation No. 2: Vendor Space Rentals

MEFA obtain signed contracts and required insurance certifications for all vendor space rentals prior to the start of the State Fair.

Response:

MEFA agrees with the recommendation and will implement internal controls to ensure that all necessary contracts and attendant documents are signed and received prior to the start of the 2008 and future Michigan State Fairs.

c: Rose Wilson
Steve Jenkins
Rick Lowe
Laura Hirst
House Fiscal Agency
Senate Fiscal Agency