



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

Michigan Early Childhood Investment Corporation
(A Discretely Presented Component Unit of the State of Michigan)
October 1, 2005 through September 30, 2006

Report Number:
 431-1100-07

Released:
 March 2008

A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with requirements material to the financial statements. This financial audit of the Michigan Early Childhood Investment Corporation (ECIC) was conducted as part of the constitutional responsibility of the Office of the Auditor General.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on ECIC's financial statements.

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Internal Control Over Financial Reporting

We identified one material weakness in ECIC's internal control over financial reporting (Finding 1).

ECIC did not have effective internal control to help ensure the reliability of its financial reporting and compliance with State laws and grant agreements. We identified internal control weaknesses such as insufficient knowledge related to governmental financial accounting and reporting; missing documents to support expenditures, assets, and liabilities; and insufficient grant management oversight procedures. (Finding 1)

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**Noncompliance and Other Matters
 Material to the Financial Statements**

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

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Background:

ECIC was developed as a separate legal entity and public body corporate to ensure that every young child in Michigan has a great start and arrives at the kindergarten door healthy and ready to succeed in school.

ECIC was established through an interlocal agreement pursuant to the Urban Cooperation Act of 1967 between the Department of Human Services (DHS), a principal department of the State of Michigan, and participating intermediate school districts, bodies corporate

established as authorized under Part 7 of the Revised School Code, Act 451, P.A. 1976, as amended. The agreement was approved by the Governor in a letter to the director of DHS dated February 22, 2005.

The interlocal agreement empowered ECIC to implement the powers, privileges, and authority of each of the parties with respect to the subject matter of the agreement, including, but not limited to, the performance of successful, effective, and efficient coordination and delivery of early childhood development and child care programs and functions throughout the State.

ECIC is administered by the 15-member Executive Committee of the Corporation Board.

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Agency Response:

Our audit report contains 1 finding and 1 corresponding recommendation. ECIC's preliminary response indicates that it agrees with the recommendation.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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