

FINAL

September 26, 2011

Mr. Doug Ringler, CPA
Director, Office of Internal Audit Services
Office of the State Budget
George W. Romney Building, 6th Floor
111 South Capitol Avenue
Lansing, Michigan 48913

Dear Director Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed is a summary table that identifies our response and corrective action plan to address recommendations contained within the Office of the Auditor General's report on the Provision of the Single Audit Act as applicable to the Michigan Economic Development Corporation (October 1, 2008 through September 30, 2010).

Please direct questions to me regarding the summary table or corrective action plans at 517.241.0524; or modij1@michigan.org.

Sincerely,

Signature Redacted

Juzer Modi, Director
Office of Financial Services

cc: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency

**Michigan Economic Development Corporation
Findings Related to Federal Awards
Agency response to recommendations**

1. Regional Biomass Energy Programs, CFDA 81.079

Auditors recommended that MEDC improve its internal control over the Regional Biomass Energy Programs to ensure its compliance with federal laws and regulations regarding matching, level of effort, and earmarking; procurement and suspension and debarment; reporting; and subrecipient monitoring.

Agency Preliminary Response

MEDC agrees with the finding and recommendation and has complied.

Matching, Level of Effort, Earmarking:

We have developed and implemented a process to ensure that staff time spent on federal programs is certified by managers on a biweekly basis prior to the approval of payroll. This process will account for the total activity of the employee, including travel time and related federal grant expenditures.

Procurement and Suspension and Debarment:

We have established a process that will assure that entities pursuing grant awards from MEDC in the future have not been suspended or debarred. This will be verified prior to MEDC granting awards to subcontractors.

Reporting:

We have resubmitted corrected reporting for periods ended 6/30/10 and 9/30/10

Sub-recipient Monitoring:

We have established and implemented a process to obtain sub-recipient Single Audit report when applicable and review sub-recipient Single Audits.

2. Renewable Energy Research and Development, CFDA 81.087

Auditors recommended that MEDC improve its internal control over the Renewable Energy Research and Development to ensure its compliance with federal laws and regulations regarding matching, level of effort, and earmarking; procurement and suspension and debarment; reporting; and subrecipient monitoring.

Agency Preliminary Response

MEDC agrees with the finding and recommendation and has complied.

Matching, Level of Effort, Earmarking:

We have developed and implemented a process to ensure that staff time spent on federal programs is certified by managers on a biweekly basis prior to the approval of payroll. This process will account for the total activity of the employee, including travel time and related federal grant expenditures. We will also obtain full documentation of sub-recipient personnel costs.

Procurement and Suspension and Debarment:

We have established a process that will assure that entities pursuing grant awards from MEDC in the future have not been suspended or debarred. This will be verified prior to MEDC granting awards to subcontractors.

Reporting:

We have resubmitted corrected reporting for periods ended 6/30/10 and 9/30/10

Sub-recipient Monitoring:

We have established and implemented a process to obtain sub-recipient Single Audit report when applicable, review sub-recipient Single Audits and notify sub-recipient of the CFDA title and number.

Michigan Economic Development Corporation
Audit Report on Provision of the Single Audit Act
Summary of Agency Responses to Recommendations
October 1, 2008 through September 30, 2010

1. Audit recommendations the agency complied with:

1 and 2

2. Audit recommendations the agency agrees with and will comply:

Not Applicable

3. Audit recommendations the agency disagrees with: Not Applicable