



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

November 30, 2011

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

Dear Director:

In accordance with the State of Michigan, Financial Management Guide, Part VII, following is a summary table identifying our response and corrective action plan to address recommendations contained within the Office of the Auditor General's audit report of the Department of Treasury, Brownfield Redevelopment Financing Program for the period January 1, 2008 through December 31, 2010:

Audit recommendations the agency complied with: **None**

Audit recommendations the agency agrees with and will comply:

1. Consistency in Use of Single Business Tax (SBT) Historical Data

We recommend that the State Tax Commission, Department of Treasury, sufficiently collect, compile, and analyze financial status reports of the authorities and submit annual summary reports to the legislature.

Response

The Department substantially agrees with the recommendation as it relates to the collection, compilation, analysis, and reporting of brownfield redevelopment authority annual summary reports. The Department of Treasury will pursue amendments to the Brownfield Redevelopment Financing Act, Act 381, P.A. 1996, to strengthen the reporting requirements by a Brownfield Authority including, but not limited to, penalties for failing to file the annual summary report. The pursuit of the amendment will begin prior to May of 2012.

Audit recommendations the agency disagrees with: **None**

Mr. Doug Ringler

Page 2

Should you have any questions regarding the summary table or corrective action plans, please contact Suzanne Schafer, Administrator, Local Audit and Finance Division at schaferS7@michigan.gov or (517) 373-3227.

Sincerely,

Signature Redacted

Bruce Hanses, Administrator
Departmental Services Division

c: Dennis Muchmore, Executive Office
Wendy Siegel, Executive Office
Thomas McTavish, Office of the Auditor General
Mary Ann Cleary, House Fiscal Agency
Ellen Jeffries, Senate Fiscal Agency
Earl Poleski, House Appropriations Sub-committee
John Pappageorge, Senate Appropriations Sub-committee
Wayne Schmidt, House Standing Committee
Mike Kowall, Senate Standing Committee
Mary MacDowell, Treasury
Roger Fraser, Treasury
Fred Headen, Treasury
Suzanne Schafer, Treasury
Jim Mills, Treasury



June 19, 2012

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

Dear Director Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, following is the final response and corrective action plan to address recommendations contained within the Office of the Auditor General's audit report of the Brownfield Redevelopment Financing Performance Audit issued in June 2011.

Questions regarding the summary table or corrective action plans should be directed to:

Marna Wilson
Compliance Manager
Michigan Economic Development Corporation
(517) 335-5895
wilsonm11@michigan.org

Sincerely,

Signature Redacted

Michael A. Finney
President & CEO

cc:

Executive Office
Office of the Auditor General
Sen. Jack Brandenburg
Sen. Mark Jansen
Sen. Mike Kowall
Sen. John Pappageorge

Rep. Jud Gilbert
Rep. Earl Poleski
Rep. Wayne Schmidt
Senate Fiscal Agency
House Fiscal Agency

Summary Table of 2011 Brownfield Redevelopment Financing Performance Audit Findings

Finding	Brownfield Response	Brownfield Corrective Action	Date of Compliance
#2	Partially agree	<p>Initial Response: Brownfield will re-estimate the actual costs of administrative review of Brownfield Redevelopment Authorities' work plans and re-calibrate the fees as necessary; and review every two years thereafter.</p> <p>Final Response: The MEGA Brownfield Work Plan program, Act 381, has recently evaluated its fee structure to reflect the average cost of work for accomplished by MEDC staff to take a Work Plan from initial application received to Board approval. Brownfield Staff have tracked their time for two months to review Work Plans. For a more complicated project, review time can take up to 35 hours; an average Work Plan takes approximately 14 hours and a simple Work Plan takes approximately 6 hours. We used staff wages and benefits and the time needed for paperwork, file maintenance, and preparation by staff other than Brownfield specialists.</p> <p>As of January 2012, the Brownfield Work Plan review fee increased from \$1,000 to \$1,500.</p>	<p>Response: Fees have been re-calculated and a new fee structure has been implemented 1/1/12. It will be reviewed every two years thereafter.</p>

Brownfield Redevelopment Financing Performance Audit

60 Day Response Narrative

June 19, 2012

Finding 2. Work Plan Review Fees

The MEGA and MEDC did not track the actual cost of reviewing Brownfield Redevelopment Authorities' work plans.

Recommendation:

We recommend that the MEGA and MEDC track the actual cost of reviewing Brownfield Redevelopment Authorities' work plans.

Response:

MEGA and MEDC do not agree with the recommendation, but took certain actions.

Action Plan: The MEGA and MEDC re-estimated actual costs and determined Brownfield Act 381 work plan review costs should be re-calibrated for future projects; increased work plan review fees effective January 1, 2012; and will review Brownfield Act 381 work plan review fees every two years thereafter.