



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
271-0410-10

21st Century Jobs Trust Fund Programs

*Michigan Strategic Fund and
Strategic Economic Investment and
Commercialization Board*

Released:
October 2010

The Michigan Strategic Fund Act (Act 270, P.A. 1984, as amended) creates programs to make investments and to award grants and loans for the purposes of diversifying Michigan's economy, helping to create jobs, and providing for economic development. These programs include, but are not limited to, the 21st Century Investments, Competitive Edge Technology grants and loans, Loan Enhancement Programs, Michigan Life Sciences Pipeline Program, Centers of Energy Excellence Program, and other miscellaneous programs and projects. Section 125.2088n of the Michigan Compiled Laws requires a periodic performance audit of these programs.

Audit Objective:

To assess the effectiveness of the Michigan Strategic Fund's (MSF's) and the Strategic Economic Investment and Commercialization (SEIC) Board's processes for making investments and awarding grants, loans, and contracts through the 21st Century Jobs Trust Fund programs.

Audit Conclusion:

We concluded that MSF's and the SEIC Board's processes for making investments and awarding grants, loans, and contracts through the 21st Century Jobs Trust Fund programs were effective. However, we noted one reportable condition (Finding 1).

Reportable Condition:

MSF did not sufficiently document its review of eligibility requirements for the Centers of Energy Excellence (COEE) Program (Finding 1).

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Audit Objective:

To assess the effectiveness of MSF's processes for monitoring compliance with investment, grant, loan, and contract requirements.

Audit Conclusion:

We concluded that MSF's processes for monitoring compliance with investment, grant, loan, and contract requirements were moderately effective. We noted one reportable condition (Finding 2).

Reportable Condition:

MSF did not always ensure that recipients demonstrated adequate progress in achieving stated milestones prior to making contract payments. In addition, MSF did not sufficiently document the information reviewed and the basis for approval of the recipients' progress reports. (Finding 2)

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Audit Objective:

To assess the effectiveness of MSF's efforts to evaluate the economic development outcomes of the 21st Century Jobs Trust Fund programs.

Audit Conclusion:

We concluded that MSF's efforts to evaluate the economic development outcomes of the 21st Century Jobs Trust Fund programs were moderately effective. We noted one reportable condition (Finding 3).

Reportable Condition:

MSF should improve its processes to assess the effectiveness of four of the programs administered under the 21st Century Jobs Trust Fund (Finding 3).

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Audit Objective:

To assess MSF's and the SEIC Board's compliance with selected sections of the *Michigan Compiled Laws* for the 21st Century Jobs Trust Fund programs.

Audit Conclusion:

We concluded that MSF and the SEIC Board were in compliance with selected sections of the *Michigan Compiled Laws* for the 21st Century Jobs Trust Fund programs. However, we noted one reportable condition (Finding 4).

Reportable Condition:

MSF needs to improve its reporting procedures to ensure that data reported for the 21st Century Jobs Trust Fund programs is correct and contains the significant disclosures necessary to understand the program data presented (Finding 4).

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Agency Responses:

Our audit report contains 4 findings and 5 corresponding recommendations. MSF's preliminary responses indicated that it agrees with all of the recommendations.

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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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