

EXECUTIVE DIGEST

MICHIGAN INTERNATIONAL TRADE AUTHORITY

INTRODUCTION

This report contains the results of our performance audit of the Michigan International Trade Authority (the Authority), Department of Commerce, for the period October 1, 1992 through February 28, 1995 and our financial audit for the period October 1, 1992 through September 30, 1994.

AUDIT PURPOSE

This performance and financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency. Financial audits are conducted at various intervals to permit the Auditor General to express an opinion on the State's financial statements.

BACKGROUND

The Michigan International Trade Authority was created when Executive Reorganization Order 1994-3 renamed the Michigan Export Development Authority and transferred all duties and responsibilities of the Division of International Commerce, the Foreign Trade Branch, and the Michigan International Office, Department of Commerce, to the Michigan International Trade Authority, effective April 24,

1994. Executive Reorganization Order 1994-10 transferred the Authority from the Department of Commerce to the Michigan Jobs Commission by a Type II transfer, effective February 27, 1995.

The Authority is governed and administered by a Board of Directors consisting of 12 members, including the directors of the Departments of Commerce and Agriculture and the State Treasurer. The Authority's main purpose is to foster the expansion of exports of State of Michigan goods and services to foreign purchasers.

As of February 28, 1995, the Authority had 18 employees. The Authority's expenditures for the fiscal year ended September 30, 1994 were approximately \$3.4 million.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the Authority's results in relation to established performance objectives and responsibilities.

Conclusion: Although the Authority did not meet all its established goals, our assessment determined that the Authority was successful in accomplishing its primary objectives and fulfilling its primary responsibilities.

Noteworthy Accomplishments: During our audit period, the efforts of the Authority generated State revenue that significantly exceeded the cost of its operations.

Audit Objective: To assess the adequacy of the Authority's internal control structure including controls over the administration of the program and the use of contractual service employees.

Conclusion: Our assessment of the internal control structure did not disclose any material weaknesses. However, our assessment did identify other reportable conditions related to the Authority's cash receipting process and the recording of year-end transactions (Findings 1 and 2).

Audit Objective: To assess the Authority's compliance with applicable laws and regulations that could have a material effect on its financial schedule.

Conclusion: Our assessment of compliance with laws and regulations did not identify any instances of noncompliance that could have a material effect on the Authority's financial schedule.
Audit Objective: To audit the Authority's financial schedule for the fiscal years ended September 30, 1994 and September 30, 1993.

Conclusion: We expressed an unqualified opinion on the Authority's financial schedule.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Michigan International Trade Authority for the period October 1, 1992 through February 28, 1995 and to examine the financial records for the period October 1, 1992 through September 30, 1994. Our audit was conducted in

accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included reviewing the Authority's reports and procedures to identify the Authority's objectives and responsibilities and to assess the Authority's results in achieving its objectives and fulfilling its responsibilities.

**AGENCY
RESPONSES**

Our audit report includes two findings and corresponding recommendations. The agency preliminary response indicated agreement with these recommendations.