

EXECUTIVE DIGEST

MICHIGAN JOBS COMMISSION

INTRODUCTION This report contains the results of our performance audit of the Michigan Jobs Commission (MJC) for the period March 1, 1993 through February 27, 1995.

AUDIT PURPOSE This performance 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. In addition, this performance audit was conducted in part to satisfy requirements of Executive Orders 1993-2 and 1993-3.

BACKGROUND MJC was created as a temporary agency by Executive Order 1993-2. MJC's mission is to work with local communities and existing Michigan businesses to retain and expand job opportunities, prepare Michigan workers for jobs, and improve Michigan's overall business climate. MJC utilized the services of various State departments for administrative support while it was a temporary agency. In MJC's first two years, its focus was on developing strategies for consolidating the various job training programs and

developing a comprehensive economic expansion and retention program.

On December 16, 1994, the Governor signed Executive Order 1994-26, which established MJC as a department. MJC became the State's nineteenth department on February 28, 1995, and it expects to have administrative support systems in place by October 1, 1995.

In the fiscal year ended September 30, 1994, MJC was authorized to spend approximately \$408.1 million in State and federal funds for the various programs that it operated. Major federal and State programs included the Job Training Partnership Act grants, Michigan Rehabilitation Services, the Education Designed for Gainful Employment Program, the Community Services Block Grant, the Weatherization Program, and the Economic Development Job Training Program.

As of February 27, 1995, MJC had 883 full-time equated classified and unclassified employees. Additional employees of the Departments of Labor, Commerce, Education, Treasury, and Social Services were periodically assigned to federal and State programs operated by MJC during its first two years.

**AUDIT OBJECTIVE
AND
CONCLUSION**

Audit Objective: To evaluate the effectiveness of MJC in performing the duties and responsibilities identified in Executive Orders 1993-2 and 1993-3.

Conclusion: Our assessment disclosed that MJC was generally effective in performing the duties and

responsibilities identified in Executive Orders 1993-2 and 1993-3. However, MJC did not fully comply with these Executive Orders. MJC needs to establish procedures to ensure that members of the MJC Board and Governor's Workforce Commission are informed of their obligation to disclose their personal or financial interests when appropriate (Finding 1). Also, MJC did not determine if certain employees disclosed their personal or financial interests (Finding 1). In addition, MJC did not identify and evaluate information available on economic activity and report its findings and recommendations to the Governor (Finding 2).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records related to the Michigan Jobs Commission's implementation of Executive Orders 1993-2 and 1993-3 for the period March 1, 1993 through February 27, 1995. Our audit was conducted in accordance with *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.

To accomplish our objective, we interviewed MJC's central administrative staff and reviewed the Executive Orders which created MJC as a temporary agency. We also interviewed employees responsible for implementing the various programs operated by MJC and reviewed program criteria.

We examined MJC's efforts to comply with the requirements of Executive Orders 1993-2 and 1993-3. The requirements included disclosing personal and financial interests; encouraging economic activity to create jobs; recommending tax, regulatory, and educational changes to improve the State's business competitiveness; encouraging businesses to remain in or move to the State; coordinating programs of economic development with work force development; ensuring efficient and effective job training programs; and preparing the State's work force for the job needs of the twenty-first century.

**AGENCY
RESPONSES**

Our audit report contains 2 findings and 3 corresponding recommendations. The agency preliminary response indicated that MJC agreed with the recommendations and will take steps to implement them.