



## MICHIGAN STRATEGIC FUND

February 9, 2018

Mr. Rick Lowe, Director  
Office of Internal Audit Services  
Office of Performance and Transformation  
George W. Romney Building  
111 South Capitol, Sixth Floor  
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, Chapter 4, Section 100, enclosed are our summary table identifying our responses and correction action to address findings and recommendations related to the Office of the Auditor General's performance audit entitled Michigan Economic Growth Authority Tax Credit Program, Michigan Strategic Fund, Department of Talent and Economic Development (TED), covering the period of October 2, 2013, through June 30, 2016. Please contact me directly with any questions.

Sincerely,

Signature Redacted

Amanda Bright McClanahan  
Chief Financial Officer

Enclosure

c: Dick Posthumus, Chief of Staff, Executive Office  
Doug Ringler, Office of the Auditor General  
Mary Ann Cleary, Director, House Fiscal Agency  
Ellen Jeffries, Director, Senate Fiscal Agency  
Rep. Rob VerHeulen, Chair, House Appropriations Sub-Committee – General Government  
Sen. Jim Stamas, Chair, Senate Appropriations Sub-Committee – General Government  
Sen Ken Horn, Chair, Senate Economic Development and International Investment Committee  
Sen. Wayne Schmidt, Chair, Senate Commerce Committee  
Rep. Ben Frederick, Chair, House Workforce and Talent Development Committee  
Rep. Eric Leutheuser, Chair, House Commerce and Trade Committee  
Jeremy Hendges, Deputy Director, TED  
Christin Armstrong, MEDC Compliance  
Allen Williams, TED Internal Control Officer

## AUDIT RESPONSE SUMMARY

**Michigan Economic Growth Authority (MEGA) Tax Credit Program,  
Michigan Strategic Fund (MSF),  
Department of Talent and Economic Development (TED),  
October 1, 2013 through June 30, 2016**

### Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees	Finding 1			
Partially Agrees				
Disagrees				

**Michigan Economic Growth Authority (MEGA) Tax Credit Program,  
Michigan Strategic Fund (MSF),  
Department of Talent and Economic Development (TED)  
October 1, 2013 through June 30, 2016**

**FINDING #1 – Reporting of Annual MEGA Tax Credit Information**

*We recommend that MSF improve its reporting of annual MEGA tax credit information to designated members of the Legislature and the fiscal agency directors.*

*The OAG's finding disclosed that MSF did not include the tax credits issued in all previous years. Instead, MSF reported only the current year certificate amounts awarded for each written agreement.*

**Final Response:**

The MSF agrees with the recommendations and has corrected the issue for the fiscal year 2016 annual MEGA Tax Credit report. The MSF has implemented a new quality assurance process to ensure continued compliance with its reporting obligations going forward. Under this process, MSF's Legislative Affairs team will hand deliver the aforementioned report along with a cover sheet that will require a signature from the person receiving the report. The signed cover sheet will be scanned, and the electronic file will be maintained onsite until it is audited.