



MICHIGAN STRATEGIC FUND

November 21, 2024

Mr. Rick Lowe, Chief Internal Auditor
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 S. Capitol Avenue, 6th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with State of Michigan, Financial Management Guide, Part VII, please see the attached summary of findings and associated corrective action plan to address the recommendation contained in the Michigan Office of the Auditor General's (OAG) Performance Audit of the Brownfield Redevelopment Financing Program, Department of Environment, Great Lakes, and Energy (EGLE) and Michigan Strategic Fund (MSF), Department of Labor and Economic Opportunity for the period January 1, 2020 through December 31, 2022.

Should you have any questions regarding the attached information, please contact either of us, directly at (517) 285-7685 or burnettl@michigan.org.

A handwritten signature in black ink, appearing to read "JSL".

EGLE Internal Control Office Signature

11/22/2024

Date Signed

A handwritten signature in black ink, appearing to read "Lany Burnett".

MSF Internal Control Office Signature

11-21-2024

Date Signed



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I. Audit recommendations the agency has complied with:

Finding 1 - Annual legislative reports did not include all required information.

II. Audit recommendations yet to be complied with: None

III. Audit recommendations the agencies disagree with: None



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Finding 1

EGLE and MSF did not ensure all required information was included in their annual legislative reports, thereby potentially diminishing the reports' usefulness to the Legislature and other report users.

The Brownfield Redevelopment Financing Act requires BRAs to report to EGLE and MSF the financial status of their activities each *year*. The Act also requires EGLE and MSF to compile the information into a combined report submitted annually to the Legislature. Public Act 259 of 2020, effective December 29, 2020, amended the Act to require EGLE and MSF to include the cumulative amount of tax increment revenues (TIR) captured for each brownfield plan, among others, in their annual legislative reports.

Our review noted EGLE and MSF did not include cumulative TIR captured in its calendar year 2020 and 2021 annual legislative reports, as required. EGLE and MSF indicated *they* collected this information from BRAs for both years but had not updated the Salesforce system to properly add cumulative TIR capture amounts into the annual legislative report.

Recommendation

We recommend EGLE and MSF ensure all required information is included in their annual legislative reports.



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Final Response / Corrective Action Plan Update

EGLE and MSF agree with the recommendation and has improved the process to ensure that all required information is included in the annual legislative report. The TIR data that should have been included in the annual legislative report is available in the Salesforce record system. However, this data was mistakenly omitted from the report when compiling the data due to insufficient management oversight. The MSF management review process for the annual legislative report has been modified to review specifically for this TIR information. Starting in fiscal year 2023, all required TIR information has been included in the annual legislative report as required by statute.