



WISCONSIN STATE LEGISLATURE

## Joint Audit Committee

Committee Co-Chairs:

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State Representative Samantha Kerkman

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### **Audit Examines WEDC Operations**

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its audit of the Wisconsin Economic Development Corporation (WEDC). WEDC is the State’s leading economic development organization. In fiscal year (FY) 2013-14, WEDC administered 29 economic development programs that provided grants, loans, tax credits and other assistance to businesses, individuals, and organizations.

LAB identified concerns with WEDC’s administration of economic programs in FY 2013-14. LAB found that WEDC did not require grant and loan recipients to submit information showing that contractually required jobs were actually created or retained. LAB also found that WEDC allocated tax credits in ways that did not consistently comply with statutes and its policies.

LAB noted WEDC’s October 2014 annual report to the Legislature addressed certain concerns LAB had previously identified. However, LAB found that the report did not contain clear, accurate, and complete information on program outcomes, including the number of jobs created and retained.

“It is unacceptable that certain issues raised in the previous audit report (Report 13-7) have not been addressed. Maintaining administrative oversight and verifying of our job creation efforts should be a vital aspect to assuring WEDC’s grant, loan and tax credit programs are fruitful and are creating jobs,” said Senator Robert Cowles (R-Green Bay).

LAB found that WEDC improved its financial management practices in FY 2013-14 but questioned its policy for managing its fund balance. The policy allowed WEDC to maintain an unassigned of \$15.6 million as of June 30, 2014, which LAB indicated was larger than necessary.

“The progress WEDC has made in its financial management is encouraging, but there are areas that still require significant improvement, said Representative Samantha Kerkman (R-Salem). “The audit recommendations are immediately valuable to both WEDC and to the Legislature which is considering the biennial budget and a potential combining of WEDC and WHEDA.

Copies of LAB’s report (report 15-3) may be obtained from its website at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab) or by calling (608) 266-2818.