



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Economic Development, Missouri Technology Corporation

Administrative Costs and Fees	<p>The Missouri Technology Corporation (MTC) does not maintain detailed timesheets or other documentation to support its allocation of administrative costs, and some actual allocations were not consistent with the established allocation percentages provided by MTC officials. As such, individual funds may not be shouldering their fair share of administrative costs. In addition, the MTC does not adequately track administrative cost fund balances. At our request, the MTC created reports to identify activity and balances by fund, and administrative cost funds for two programs had negative balances as of June 30, 2012. The audit also noted administrative subsidies provided by the Department of Economic Development (DED) are not reported in the MTC financial information presented to the Board and the public, making it difficult for the MTC Board and the DED to effectively monitor administrative costs and preventing transparency. The DED provided the MTC with a \$369,122 administrative subsidy for the 3 years ended June 30, 2012.</p>
Accounting Controls and Oversight	<p>Budget and financial documents presented to the Board do not contain sufficient detail to adequately monitor the various funds administered. The Board does not receive the revenues, expenses and fund balances of the various individual programs and administrative funds. Instead, the annual Operating Plans provided to the Board contain aggregated information and also lack beginning and projected ending balances and prior year actual amounts. Similarly, quarterly Treasury Reports provided to the Board lack information on individual program balances. Audit staff discovered the MTC made multiple misclassification errors when instructing its outside accounting firm regarding revenue and expenditure transactions. The MTC also does not adequately oversee accounting transactions processed by its outside accounting firm.</p>
Notes Receivable	<p>The MTC does not maintain prenumbered receipt slips or a summary control log of receipts, making it difficult to determine if monies received are deposited in a timely manner. The MTC does not adequately monitor notes receivable to ensure amounts due are timely collected and borrowers are complying with the terms of the promissory notes. At least 13 of 71 payments received between December 31, 2009 and June 13, 2012 were delinquent, and one company had not remitted any monthly payments on its loan for over a year. Another company missed its November 2011 payment, which was not made until July 2012 when audit staff inquired about the missing payment.</p>
Meeting Minutes	<p>Although Board members appear to be recusing themselves from discussions or votes for which they have a potential conflict of interest,</p>



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meeting minutes rarely disclose the nature of the potential conflict of interest.

In the areas audited, the overall performance of this entity was **Good**.*

American Recovery and Reinvestment Act (Federal Stimulus)

During the audit period, the Missouri Technology Corporation was awarded and expended \$1,680,000 in Federal Stimulus monies, including a \$180,000 grant through the Department of Natural Resources as part of the U.S. Department of Energy's State Energy Program for an Algae-Based Renewable Energy Study, and a \$1,500,000 Federal Budget Stabilization-Medicaid Reimbursement Fund grant for the construction of the Missouri Plant Science Center in Mexico, Missouri.

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.