



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

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Audit Examines WEDC's Operations

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its fourth statutorily required biennial audit of the Wisconsin Economic Development Corporation (report 19-6). In FY 2017-18, WEDC administered 30 programs through which it allocated \$3.1 billion in tax credits; awarded \$25.6 million in grants and \$4.5 million in loans; and authorized local governments to issue \$65.7 million in bonds.

In this audit, LAB reviewed available information for 128 awards WEDC made. LAB also analyzed WEDC's revenues and administrative expenditures. LAB found that WEDC had improved a number of aspects of its program administration since the last audit (report 17-9) and had complied with most of LAB's recommendations related to program administration.

“The improvements made by WEDC, including implementing prior LAB recommendations is great news,” said Representative Samantha Kerkman (R-Salem Lakes). “WEDC is a powerful tool in Wisconsin's efforts to retain and attract employers and it shows in our unemployment rate – down to 2.9% - and our economic growth. I look forward to WEDC continuing to fine-tune their operations to meet legislative intent.”

WEDC's information indicated that recipients of 68 tax credit and loan awards that ended through FY 2017-18 created 2,084 of 5,970 contractually required jobs (34.9 percent) and that 60 such recipients retained 7,806 of 13,272 contractually required jobs (58.8 percent).

LAB found WEDC did not consistently comply with statutes and its contracts because WEDC awarded tax credits to recipients that created or retained jobs filled by individuals who did not perform services in Wisconsin or were non-Wisconsin residents, and because it annually verified information in the performance reports submitted by a sample of award recipients in only one of the two years of the audit period. LAB also found WEDC did not consistently maintain sufficient documentation to demonstrate compliance with its procurement policy.

LAB recommends WEDC improve how it assesses the results of its programs, including by determining the extent to which recipients created or retained contractually required jobs for all awards that it made and that ended. LAB also made recommendations to improve program administration, reporting of program results, and financial management.

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“It’s disappointing that while WEDC makes progress in certain areas LAB continues to find new emerging issues audit after audit,” said Senator Robert Cowles (R-Green Bay). “The inability of WEDC to comply with state statutes and guidelines has put taxpayer funds at risk. This isn’t just an issue of unaccountability, but shows the desired outcomes of these programs have not been consistently achieved. It’s my hope that, through the Audit Committee process and possibly the Legislative process, we will be able to address these issues.”

Copies of LAB’s report (report 19-6) may be obtained from its website at www.legis.wisconsin.gov/lab or by calling (608) 266-2818. Report concerns related to state government activities to LAB by calling the toll-free hotline at 1-877-FRAUD-17.

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