



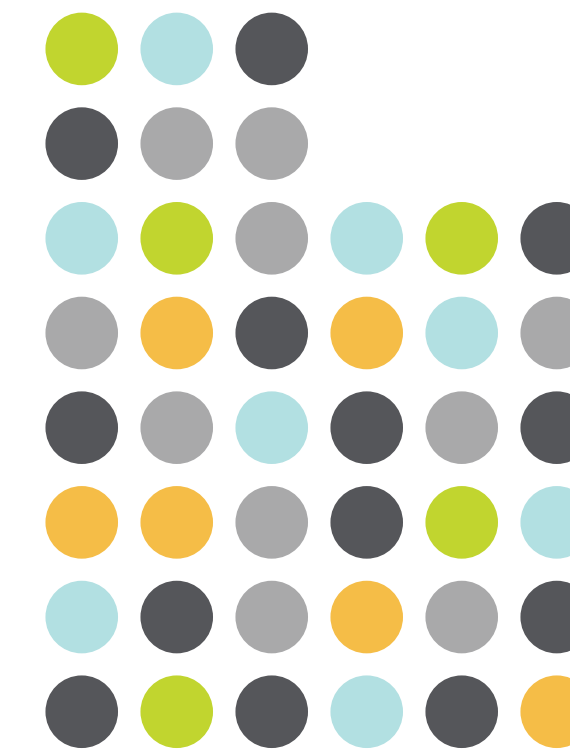
Economic Development and Workforce Services Interim Committee



edcUTAH 
ECONOMIC DEVELOPMENT
CORPORATION OF UTAH

EDC Utah History

- Private nonprofit economic development organization founded in 1987
- Statewide representation
- 60+ public and 200+ private partners
- 18 FTE/2 PTE, \$3M annual budget
- Corporate recruitment, expansion and retention
- Project management, business development, marketing, research and promotion



edcUTAH

**ECONOMIC
DEVELOPMENT
CORPORATION
OF UTAH**

To serve as a catalyst for quality job growth and increased capital investment by assisting in-state companies to grow and recruiting out-of-state companies to expand and relocate in Utah.

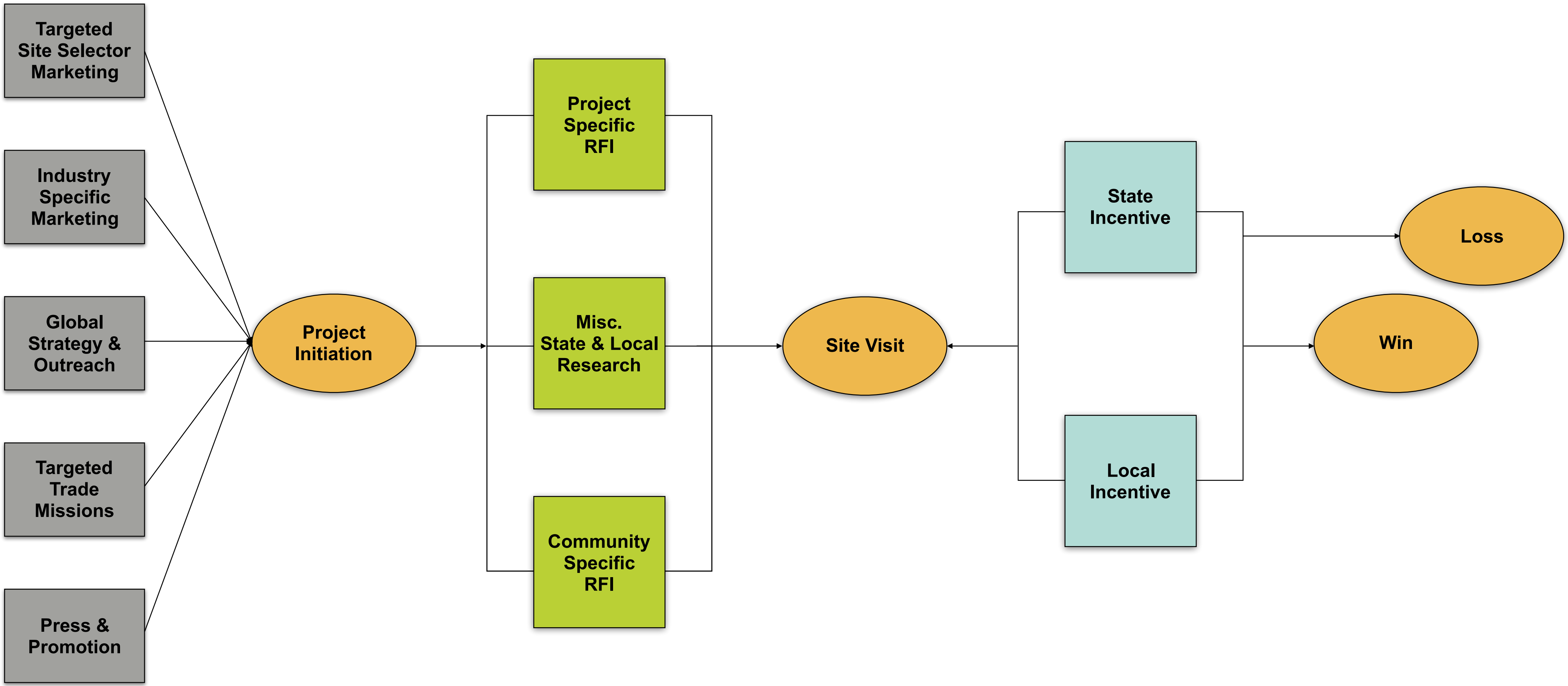


EDCUtah Membership Model

- Funding is divided between the **State of Utah** (GOED), **Municipalities** (Salt Lake County, Utah County, Salt Lake City) and **Private Industry** (Zions Bank, Questar Dominion, Wells Fargo).
- EDCUtah provides additional economic development resources for public sector members.
- Contributions come via membership dues, contracts for service, sponsorships and in-kind contributions.
- GOED-EDCUtah relationship began in 2005 via a competitively bid contract for services.



Corporate Recruiting Project Process



Recruitment Results (FY05-06 to FY15-16)

Committed Jobs	80,015
Retained Jobs	18,235
Square Footage	30.7M
Capital Investment	\$13.29B
Site Visits	approximately 1/week
Total Open Active Projects	138



Legislative Audit



Contributing Factors

- Management failed to adequately, and in a timely manner, respond to our internal auditor's request for information. This failure resulted in the auditor's inability to complete our annual financial audits and tax filings.
- Internal EDCUtah staff did not have the necessary skills to stay on top of all financial management processes, and did not receive the support they needed to ensure appropriate policies were followed.
- EDCUtah lacked a defined year-end process, with key dates identified and required documentation outlined.
- Internal staff transitions, without adequate communication, lead to confusion regarding who in the organization was responsible for certain aspects of financial management.
- Whistle-blower processes that would allow employees concerned with various aspects of the organization's internal management and controls did not exist.



Legislative Audit Recommendations

- *“We recommend that EDCUtah management evaluate its use of auto-pay features for credit cards, and ensure that if they are used, adequate approvals occur.”*
 - **EDCUtah Response: IMPLEMENTED***
- *“We recommend that EDCUtah management and the finance committee of the board supplement its purchasing policies with enforcement provisions that ensure expenses and equipment use, such as vehicles, are properly documented with purposes and receipts.”*
 - **EDCUtah Response: IN PROCESS**



Legislative Audit Recommendations (continued)

- *“We recommend that EDCUtah perform a comprehensive evaluation of its internal control environment that includes, but is not limited to, segregation of duties, check signing procedures, receipt of goods and services, and logs of property and equipment.”*
 - **EDCUtah Response: IMPLEMENTED**
- *“We recommend that EDCUtah’s new CFO position be strategically utilized to strengthen internal controls, correct purchasing deficiencies, and ensure compliance with financial reporting requirements.”*
 - **EDCUtah Response: IMPLEMENTED**



Legislative Audit Recommendations (continued)

- *“We recommend that the finance committee at EDCUtah hire a qualified firm to review all accounts, processes, functions, activities, business relationships, and any other pertinent areas at EDCUtah to ensure that all improper and unadvisable activities at EDCUtah are identified and corrected.”*
 - **EDCUtah Response: IN PROCESS**
- *“We recommend that EDCUtah submit its most recent audited financial statements to the State Auditor’s Office.”*
 - **EDCUtah Response: IMPLEMENTED**



Additional Corrective Steps Taken

- Restructuring of Board of Trustees for more hands-on control and immediate engagement.
- Formation of Finance and Audit Committees of the Board of Trustees for additional oversight.
- Hiring of new CFO to better define roles, responsibilities, processes and management of organizational finances.
- Engagement of third-party, independent firm to conduct forensic audit on questionable expenses of former employee.

