



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Related Audit

Report Number:
 07-629-03

Use of Transportation-Related Funding

Released:
 April 2003

Act 271, P.A. 2000, requires State agencies that receive transportation-related funding for providing tax and fee collection and other services for transportation funds to contract with the Michigan Department of Transportation (MDOT). These agencies are also required to annually report the amount of funding contracted for, expended from, and returned to the transportation funds. The Office of the Auditor General is required to report to the Legislature on the charges to transportation funds by State agencies.

Background:

In fiscal year 2000-01, transportation-related funding was provided to the following State agencies: the Departments of State, Management and Budget (DMB), State Police, Civil Service, Career Development, Attorney General, Natural Resources (including Mackinac Island State Park Commission), Environmental Quality, and Treasury; the Michigan Economic Development Corporation; and the Office of the Auditor General.

Audit Objective: To determine the adequacy of the cost allocation methodologies used to identify transportation-related costs and the appropriateness of charges to transportation funds.

Audit Conclusion: We determined that all State agencies that received transportation funding and submitted annual reports had adequate cost allocation methodologies to identify transportation-related costs and had made appropriate charges to transportation funds.

However, our audit disclosed a reportable condition regarding cost allocation methodologies. MDOT had not developed detailed cost allocation methodologies to identify and equitably allocate departmental costs related to local units of government. In addition, two State agencies did not always follow appropriate cost allocation methodologies to ensure that transportation-related charges were billed to and reimbursed from the transportation funds that received the benefits of services provided by agencies. (Finding 1)

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Audit Objective: To determine whether unused transportation funds' appropriations were returned to the appropriate transportation fund.

Audit Conclusion: We determined that all the agencies had returned their unused transportation fund appropriations for fiscal year 2000-01 to the appropriate transportation fund.

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Audit Objective: To determine compliance with contractual and reporting requirements for transportation-related funding as prescribed by the appropriations acts.

Audit Conclusion: We determined that all State agencies reviewed had executed the required contracts with MDOT for fiscal year 2000-01.

However, our audit disclosed a reportable condition regarding proper reporting. DMB had not developed detailed procedures for State agencies to ensure proper and consistent annual reporting of charges to transportation funds. Also, DMB, in conjunction with MDOT, should submit amendatory boilerplate language to the Legislature to clarify annual reporting requirements. (Finding 2)

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/



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