



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Fee Adequacy and Delegated Authority
Within the Air Quality Division
Department of Environmental Quality

Report Number:
76-143-03

Released:
October 2003

Title V of the Clean Air Act Amendments of 1990 set up a comprehensive permitting system, the Renewable Operating Permit (ROP) Program, that all states are required to implement. The Clean Air Act requires the ROP Program to collect, in the aggregate, an amount not less than \$25 per ton (adjusted for inflation) of each regulated pollutant or such other amount determined to adequately reflect the reasonable costs of the Program.

Audit Objective:

To assess the sufficiency of the statutory fees for the ROP Program to meet the minimum requirements of the Clean Air Act as specified in Section 324.5522(3) of the *Michigan Compiled Laws*.

Audit Conclusion:

We concluded that the statutory fees for the ROP Program were not sufficient to meet the minimum requirements of the Clean Air Act as specified in Section 324.5522(3) of the *Michigan Compiled Laws*.

Although resources applied to monitoring and enforcement appear to have been sufficient, resources applied to permit processing have not been sufficient to allow initial permit issuance to be completed by the U.S. Environmental Protection Agency's (EPA's) unofficial goal of January 2001 and will most likely not meet the December 1, 2003 commitment set by the Department of Environmental Quality (DEQ) with the EPA. This could

result in the EPA issuing a Notice of Deficiency to the DEQ Title V ROP Program.

Also, the Air Quality Division expended State General Fund appropriations (approximately \$2.5 million, \$2.5 million, and \$1.8 million for fiscal years 1999-2000, 2000-01, and 2001-02, respectively) in addition to the statutory fees to fund the ROP Program. Further, expenditures are expected to increase and revenue is expected to decrease through September 30, 2005, when the current fee authorization expires.

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Audit Objective:

To assess the fiscal integrity of any county that is delegated authority from DEQ to issue ROPs and to administer and enforce the applicable provisions of the ROP Program, including determination of the county's pro rata share of the State's support services for the ROP Program that are attributable to and payable by a county

as specified in Section 324.5523(5) of the *Michigan Compiled Laws*.

Audit Conclusion:

No county in the State has been delegated authority from DEQ.

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Agency Response:

DEQ agrees with both of the conclusions contained in the audit report.

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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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