



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
 59-310-02

Fixed Asset and Inventory Controls

*Michigan Department of Transportation
 (MDOT)*

Released:
 November 2004

MDOT's Financial Operations Division coordinates fixed asset reporting of the following inventories: aircraft, airport electronics, building, bus, computer, fleet, tagged equipment, and warehouse and stores control. MDOT maintains these inventories, with assistance from other State departments for the building and computer inventories. The value of the inventories (excluding the computer inventory) at September 30, 2003 was approximately \$245.6 million.

Audit Objective:

To determine the effectiveness of MDOT's management control over fixed assets and inventories.

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Audit Conclusion:

We concluded that MDOT's management control was generally effective over fixed assets and inventories.

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Reportable Conditions:

MDOT did not establish effective control over its computer inventory (Finding 1).

MDOT did not document its procedures for all types of equipment inventory. Also, MDOT did not effectively train staff involved in the equipment inventory process. (Finding 2)

MDOT did not include equipment purchases with an acquisition cost of less than \$500 when determining high-risk

items to include in the tagged equipment inventory (Finding 3).

MDOT did not have sufficient control over its tagged equipment inventory (Finding 4).

MDOT did not capitalize its tagged equipment, fleet, bus, and computer inventories in compliance with Department of Management and Budget policy (Finding 5).

MDOT did not maintain current and complete written procedures for its warehouse and stores control inventory systems (Finding 6).

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Agency Response:

Our audit report contains 6 findings and 7 corresponding recommendations. MDOT's preliminary response indicated that it concurs with all of the recommendations and that it has begun implementing or will implement corrective action.

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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:
<http://audgen.michigan.gov>



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