



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
761-0115-13

Refined Petroleum Fund Expenditures

*Department of Environmental Quality,
Michigan Department of Agriculture and Rural
Development, and Department of Treasury*

Released:
May 2013

The Refined Petroleum Fund (RPF) was created in 2004 by Section 21506a(1), Act 390, P.A. 2004. RPF was established to fund gasoline inspection programs and corrective actions related to releases of refined petroleum products from leaking underground storage tanks. From fiscal year 2004-05 through fiscal year 2011-12, RPF expenditures totaled \$381.2 million. This audit was required by Section 324.21506a(6) of the Michigan Compiled Laws.

Audit Objective:

To assess the Department of Environmental Quality's (DEQ's), the Michigan Department of Agriculture and Rural Development's (MDARD's), and the Department of Treasury's compliance with laws and regulations for expenditures from RPF.

Audit Conclusion:

We concluded that DEQ, MDARD, and the Department of Treasury partially complied with laws and regulations for expenditures from RPF. We noted three reportable conditions (Findings 1 through 3) and one observation (Observation 1).

Reportable Conditions:

DEQ did not expend \$31.8 million of RPF funds during our audit period in accordance with the purposes defined in Sections 324.21501 - 324.21563 of the *Michigan Compiled Laws* (Finding 1).

MDARD had not established effective controls to ensure that all uses of RPF funds were in accordance with the purposes defined in Sections 324.21501 - 324.21563 of the *Michigan Compiled Laws* (Finding 2).

RPF funds appropriated and expended for the payment of Quality of Life bonds and Clean Michigan Initiative bonds did not meet the purposes defined in Sections 324.21501 - 324.21563 of the *Michigan Compiled Laws* (Finding 3).

Observation:

Our review resulted in one observation related to the Refined Petroleum Cleanup Advisory Council (Observation 1).

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Agency Response:

Our audit report contains 3 findings and 3 corresponding recommendations.

DEQ's preliminary response indicates that it does not express agreement or disagreement with Finding 1. MDARD's preliminary response indicates that it partially agrees with Finding 2. The Department of Treasury's preliminary response indicates that it disagrees with Finding 3.

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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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