

## EXECUTIVE DIGEST

# BUREAU OF URBAN AND PUBLIC TRANSPORTATION

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### INTRODUCTION

This report, issued in November 1998, contains the results of our performance audit\* of the Bureau of Urban and Public Transportation (UPTRAN), Michigan Department of Transportation.

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### AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness\* and efficiency\*.

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### BACKGROUND

UPTRAN was organized in March 1973 pursuant to Act 327, P.A. 1972, as amended (Sections 247.660b - 247.660m of the *Michigan Compiled Laws*). UPTRAN's operations are accounted for principally in the Comprehensive Transportation Fund (CTF).

The mission\* of UPTRAN is to provide a balanced Statewide network of the public transportation services essential to the social and economic well being of the State. UPTRAN provides financial operating assistance and capital financing for various public transportation programs. These programs consist of local and intercity bus services, rail freight and passenger services, rail

safety, and marine passenger services. UPTRAN also provides management guidance and technical assistance to transit agencies to build team effort towards results oriented transit management.

Funding is provided from vehicle gas and weight taxes plus sales taxes on vehicles, parts, and accessories. Funding is distributed to transportation programs in accordance with Section 247.660 of the *Michigan Compiled Laws*. Funding is also provided by the U.S. Department of Transportation from federal fuel and excise taxes on certain commodities.

UPTRAN had 103 employees as of September 30, 1997. UPTRAN was appropriated \$232 million for fiscal year 1996-97.

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**AUDIT OBJECTIVES  
AND CONCLUSIONS**

**Audit Objective:** To evaluate the effectiveness and efficiency of UPTRAN's technical assistance provided to urban and nonurban transit agencies.

**Conclusion:** UPTRAN was generally effective in administering the distribution of program funding but could improve the technical assistance provided to transit agencies for more efficient transit services. We noted reportable conditions\* regarding UPTRAN's continuous quality improvement process, project manager responsibilities, the regional transportation program, and loaner vehicle fleet (Findings 1 through 4).

**Audit Objective:** To assess the effectiveness and efficiency of UPTRAN's grant management process.

**Conclusion:** UPTRAN was generally effective and efficient in managing its grants. There were no reportable conditions for this audit objective.

**Audit Objective:** To evaluate the effectiveness of UPTRAN's spending plan in order to reasonably ensure that CTF money is being used consistent with Act 51, P.A. 1951, as amended.

**Conclusion:** UPTRAN generally spent CTF money consistent with Act 51, P.A. 1951, as amended. However, we noted reportable conditions regarding CTF's fund balance, CTF program progress reporting, and the use of State-owned vehicles (Findings 5 through 7).

**Audit Objective:** To assess the effectiveness and efficiency of UPTRAN's oversight of railways in the State.

**Conclusion:** UPTRAN was generally effective and efficient in administering rail programs of CTF. However, we noted a reportable condition related to railroad grade crossing safety improvement orders (Finding 8).

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**AUDIT SCOPE AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of the Bureau of Urban and Public Transportation. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures were conducted during the months of July through December 1997 and included examination of UPTRAN's program activities covering the period February 1, 1990 through September 30, 1997.

Our audit methodology included a review of tasks and duties performed by UPTRAN staff. We reviewed UPTRAN's development of budget requests, made inquiries and discussed with staff the functions of UPTRAN, made comparisons of performance by transit agencies, sampled grants, reviewed project manager files of transit agency visits and bus purchases, reviewed project files, and surveyed 11 transit agencies. We reviewed the allocation and use of CTF funds. We reviewed management practices for issuing railroad safety corrective orders and for follow-up of compliance with the orders.

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**AGENCY RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our report includes 8 findings and 8 corresponding recommendations. The Department agreed with all 8 of the findings and informed us that it has implemented or will implement all 8 of the recommendations.

The Department complied with 13 of the 16 prior audit recommendations included within the scope of our current audit. One prior audit recommendation is repeated in this audit report, and 2 were rewritten for this report.