



Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*

Report Number:  
 591-0105-10

*Use of Transportation-Related Funding*

Released:  
 March 2011

*Act 275, P.A. 2008, and Act 129, P.A. 2007, require State agencies that are appropriated funding from transportation funds for providing tax and fee collection and other services to contract with the Michigan Department of Transportation (MDOT). These agencies are also required to annually report the amount of funding contracted with MDOT, funds expended, funds returned, and unreimbursed costs incurred but not billed to the transportation funds. The Office of the Auditor General is required to report on the use of transportation-related funding.*

**Audit Objective:**

To determine the appropriateness of selected State agencies' charges to transportation funds.

**Audit Conclusion:**

We determined that the charges to transportation funds were generally appropriate for 4 of the 5 selected State agencies. However, we noted one reportable condition (Finding 1).

**Reportable Condition:**

The Department of Treasury could not document that its allocation of expenditures to the Michigan Transportation Fund and the State Aeronautics Fund was based on the level of activity necessary to administer and enforce the Motor Fuel Tax Act. In addition, MDOT needs to improve its review and approval of the cost allocation methodologies developed by State agencies to help ensure that costs for transportation-related activities are accurately identified and equitably

allocated to transportation funds. (Finding 1)

~ ~ ~ ~ ~

**Audit Objective:**

To determine compliance with selected State agencies' contractual and reporting requirements for transportation-related funding.

**Audit Conclusion:**

We determined that the selected State agencies generally complied with contractual and reporting requirements for transportation-related funding. Our audit report does not include any reportable conditions related to this audit objective.

~ ~ ~ ~ ~

**Audit Objective:**

To report charges to transportation funds, the cost allocation methodologies used in determining the level of funding, and unreimbursed costs.

**Audit Conclusion:**

We reported the charges to transportation funds, the cost allocation methodologies used in determining the level of funding, and the unreimbursed costs as supplemental information in this audit report. Our audit report does not include any reportable conditions related to this audit objective.

~ ~ ~ ~ ~

**Agency Response:**

Our audit report contains 1 finding and 2 corresponding recommendations. The Department of Treasury's preliminary response indicated that it generally agreed with the first recommendation but added that applying a different cost allocation methodology would not improve the accuracy of the current process. MDOT's preliminary response indicated that it generally agreed with the second recommendation.

~ ~ ~ ~ ~

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>



Michigan Office of the Auditor General  
201 N. Washington Square  
Lansing, Michigan 48913

**Thomas H. McTavish, C.P.A.**  
Auditor General

**Scott M. Strong, C.P.A., C.I.A.**  
Deputy Auditor General