



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

*Performance Audit*

Report Number:  
591-0105-12

*Use of Transportation-Related Funding*

Released:  
December 2012

*Act 192, P.A. 2010, and Act 116, P.A. 2009, 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 aforementioned acts require the Office of the Auditor General 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 3 of the 4 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).

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**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 complied with contractual and reporting requirements for transportation-related funding. Our audit report does not include any reportable conditions related to this audit objective.

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**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.

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***Agency Response:***

Our audit report contains 1 finding and 2 corresponding recommendations. The Department of Treasury's preliminary response indicates that it agrees with the first recommendation and will comply. MDOT's preliminary response indicates that it generally agrees with the second recommendation.

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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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