

EXECUTIVE DIGEST

USE OF TRANSPORTATION-RELATED FUNDING

INTRODUCTION

This report contains the results of our financial related audit of the Use of Transportation-Related Funding for the period October 1, 1992 through September 30, 1993.

AUDIT PURPOSE

This financial related audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and is also mandated by Section 319, Act 146, P.A. 1994.

BACKGROUND

Appropriations acts require departments that receive transportation-related funding for providing tax collection and other services for transportation funds to contract with the Department of Transportation. The contracts must include estimated costs to be recovered from transportation funds, a description of the services financed by transportation funds, and cost allocation methods and rationale for the portion of costs allocated to transportation funds. Departments are also required to annually report the amount of funding received, expended, and returned to the transportation funds.

In fiscal year 1992-93, 9 nontransportation agencies expended \$87,979,974 of transportation-related funding. In addition, Department of Transportation intradepartmental transfers and expenditures of transportation-related funding for fiscal year 1992-93 totaled \$1,174,208,111 (see summary of grants under the supplemental information section).

**AUDIT
OBJECTIVES
AND
CONCLUSIONS**

Audit Objective: To determine the adequacy of the cost allocation methodologies used to identify transportation-related costs and the appropriateness of charges to transportation funds.

Conclusion: Of the 10 agencies reviewed, we determined that 6 (the Departments of Management and Budget, Civil Service, Attorney General, Natural Resources, and Transportation and the Office of the Auditor General) had complied with the appropriations acts by applying adequate cost allocation methodologies to identify transportation-related costs. Four agencies (the Departments of State, State Police, Treasury, and Commerce) had not employed time and effort cost allocation methodologies and could not substantiate the appropriateness of their cost allocation methodologies used during fiscal year 1992-93. The agencies' charges were based on appropriation funding ratios rather than the time and effort spent on transportation-related activities. The 4 agencies' charges were consistent with the amounts appropriated; however, the agencies did not have specific support for their charges allocated to the transportation funds. (Finding 1)

Audit Objective: To determine that unused transportation fund appropriations were returned to the appropriate transportation fund.

Conclusion: We determined that all the agencies reviewed had returned their unused transportation fund appropriations for fiscal year 1992-93 to the appropriate transportation funds, when applicable.

Audit Objective: To determine compliance with contractual and reporting requirements for transportation-related funding as prescribed by the appropriations acts.

Conclusion: All 9 nontransportation agencies reviewed had executed the required contracts with the Department of Transportation for fiscal year 1992-93. However, 2 agencies (the Departments of State and Commerce) did not submit contractually required cost allocation methodologies to the Department of Transportation. Also, 2 agencies (the Departments of State Police and Commerce) did not submit the required annual reports to the Senate and House Appropriations Committees, the Department of Management and Budget, and the Office of the Auditor General. (Finding 2)

AUDIT SCOPE

Our audit scope was to examine the financial and other records supporting transportation-related costs and charges to transportation funds for the period October 1, 1992 through September 30, 1993. 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, except that we were not independent in our audit of the Office of the Auditor General.

In connection with the audit, we prepared supplemental information about the agencies' use of transportation-related funding. Our audit was not directed toward expressing an opinion on the supplemental information and, accordingly, we express no opinion on it.