



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

February 21, 2013

Mr. Doug Ringler, Director
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol Avenue, 6th Floor
Lansing, Michigan 48909

Dear Mr. Ringler:

In accordance with the State of Michigan's Financial Management Guide, Part VII, Chapter 4, Section 100, enclosed is a summary table identifying our responses and corrective action plan to address the recommendations in the performance audit of the Department of Transportation, Funding for Department Services Provided to Local Units of Government. This Audit is covering the period of October 1, 2009 through August 31, 2012. The Office of Internal Audit Services, State Budget Office, approved distribution of the plan.

Questions regarding the summary table or corrective action plan should be directed to either Laura J. Mester, Chief Administrative Officer, Michigan Department of Transportation, at 517-241-2674 or John T. Cotter, Commission Auditor, Office of Commission Audits, at 517-373-1500.

Sincerely,

Signature Redacted

Kirk T. Steudle
Director

Enclosures

cc: Executive File
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Transportation Appropriations Subcommittee
Senate Transportation Appropriations Subcommittee
House Transportation Standing Committee
Senate Transportation Standing Committee

Performance Audit of Funding for Department Services
Provided to Local Units of Government
Michigan Department of Transportation
Summary of Agency Responses to Recommendations
October 1, 2009 through August 31, 2012

SUMMARY TABLE

1. **Audit Recommendations the agency has complied with:**

None

2. **Audit Recommendations the agency agrees with and will comply:**

1, 2

3. **Audit Recommendations the agency disagrees with:**

None

Performance Audit of Funding for Department Services
Provided to Local Units of Government
Michigan Department of Transportation
Corrective Action Plan
October 1, 2009 through August 31, 2012

1. **Audit Recommendations the agency has complied with:**

None

2. **Audit Recommendations the agency agrees with and will comply:**

FINDING

1. Allocation Procedures

RECOMMENDATION

We recommend that MDOT develop formal procedures for allocating to the MTF the MDOT expenditures related to services provided to local units of government.

AGENCY RESPONSE

MDOT agrees with the recommendation and is in the process of developing formal written procedures for allocating expenditures related to services provided to local units of government to the MTF. MDOT will complete the written procedures by March 31, 2013.

FINDING

2. Request for Appropriations

RECOMMENDATION

We recommend that MDOT request appropriations that are commensurate with the amount of expenditures incurred for the level of service efforts provided to local units of government or reduce such expenditures.

AGENCY RESPONSE

Legislation currently does not allow MDOT to charge the individual funds, which would provide for a more equitable distribution of the charges. The Act 51 distribution was recreated in the fiscal year 2014 Governor's Recommended Budget. This will include a new funding formula and could provide for a more equitable distribution of charges.

3. **Audit Recommendations the agency disagrees with:**

None