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Office of the Auditor General

Report Summary

Performance Audit

Office of Passenger Transportation

Michigan Department of Transportation

Report Number:
591-0180-15

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The Office of Passenger Transportation (OPT) administers the Michigan Department of Transportation's (MDOT's) passenger transportation programs, including local and intercity bus and for-hire passenger regulation. OPT distributes State operating grants to public transportation providers following the requirements of Sections 247.651 - 247.675 of the *Michigan Compiled Laws* (Act 51, P.A. 1951). In addition, OPT distributes federal grants and the associated State match to eligible transportation providers for other operating assistance and capital projects and regulates motor buses and limousines.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of OPT's efforts to appropriately distribute grants to transportation providers.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
OPT should improve its documentation to support adjustments made to public transportation providers' audited expenses. OPT did not maintain sufficient documentation to support \$4.4 million in adjustments for 2 of 5 transportation providers (<u>Finding #1</u>).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of OPT's efforts to appropriately monitor grants to transportation providers.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
OPT did not always conduct and document timely follow-up of transportation providers' corrective actions related to OPT's findings. Eight (53%) of 15 compliance reviews and 6 (40%) of 15 maintenance reviews were not followed up in a timely manner. Corrective actions for the 8 compliance reviews ranged from 54 to 327 days late and for the 6 maintenance reviews from 118 to 314 days late (<u>Finding #2</u>).		X	Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
OPT did not document its periodic reviews of public transportation providers' cost allocation plans (CAPs) for a third of our sampled CAPs (<u>Finding #3</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of OPT's efforts to regulate motor bus and limousine carriers.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
OPT did not consistently enforce increased annual renewal fees for motor bus and limousine vehicles with late safety inspections. Increased fees were not assessed for 23% of sampled vehicles with late safety inspections (<u>Finding #4</u>).		X	Agrees
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Regulation of transportation network companies (TNCs) is an emerging issue nationwide, and several bills regarding TNC regulation are currently pending in Michigan (<u>Observation #1</u>).	Not applicable	Not applicable	Not applicable

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.audgen.michigan.gov

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