

EXECUTIVE SUMMARY

BACKGROUND

The Office of the Auditor General's (OAG's) Fraud Investigative Services Team investigated an allegation that a Michigan Department of Education (MDE) employee used their assigned State vehicle for personal use during the COVID-19 pandemic (pandemic).

INVESTIGATION CONCLUSIONS

The employee drove their assigned State vehicle for personal use prior to and during the pandemic. The employee recorded an unusually high number of miles for periodic vehicle use, including personal errands MDE did not detect or properly account for on the employee's payroll for tax purposes.

The issues cited in this report represent opportunities for MDE to improve its oversight of employee use of assigned State vehicles. Improvements would help ensure MDE does not incur unnecessary costs and liability for unauthorized or inappropriate vehicle use and ensure employee personal miles are appropriately reported for tax purposes. MDE should undertake a review of all vehicle usage during the pandemic. At the time of our investigation, MDE had assigned State vehicles to 39 employees.

In addition, MDE should consult with the Department of Technology, Management, and Budget's (DTMB's) Vehicle and Travel Services (VTS) to establish actions to take when assigned vehicles are expected to be parked for extended periods of time. MDE should also consult with DTMB's Office of Financial Management (OFM) to implement procedures for reporting employees' personal use of State vehicles as taxable compensation.

AGENCY RESPONSE

MDE's response to the conditions identified is included in this report on page 10.