



Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Quality Control Review of
Single Audit on the Michigan Department of
Transportation
Report No. QC-2011-178

Date: September 29, 2011

From: Earl C. Hedges
Program Director for Single Audit

Reply To JA-20

Attn Of:

To: See Distribution

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Michigan Department of Transportation (Michigan DOT). This report presents the results of our Quality Control Review (QCR) of a single audit performed by the Auditor General of the State of Michigan (Auditor General) on Michigan DOT for the period October 1, 2008 through September 30, 2010. During this period, Michigan DOT expended approximately \$2.7 billion from DOT grant programs, as shown on the attached Schedule of Expenditures of Federal Awards. The major programs tested by the Auditor General were: (1) the Highway Planning and Construction Program, (2) the Federal Transit Cluster, (3) the Federal Transit Services Cluster, (4) the Formula Grants for Other Than Urbanized Areas, and (5) the Airport Improvement Program.

The Office of Management and Budget's (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," requires the auditor to render an opinion on the entity's financial statements, identify inappropriate use of Federal funds, and report internal control and compliance deficiencies that affect Federal grant programs.

The Auditor General rendered an unqualified (clean) opinion on Michigan DOT's financial statements and questioned costs of \$61,300 concerning DOT's grant programs. The Auditor General rendered an unqualified opinion on DOT's five major programs, but made recommendations to correct internal control and compliance deficiencies that directly affect the Federal Highway Administration and Federal Transit Administration.¹

¹ We advised FHWA and FTA about these deficiencies in a separate memorandum. The single audit report issued by the Auditor General is available upon request sent to singleauditrequest@oig.dot.gov.

SCOPE

The purpose of our QCR was to determine: (1) whether the audit work complied with generally accepted government auditing standards, the Single Audit Act of 1984, as amended (the Act), and OMB Circular A-133, and (2) the extent to which we can rely on the auditor's work. The scope of our QCR was limited to the Highway Planning and Construction Program, Formula Grants for Other Than Urbanized Areas, and the Airport Improvement Program.

RESULTS

We determined that Auditor General's work was *Acceptable*, and therefore met the requirements of generally accepted government auditing standards, the Act, and OMB Circular A-133. We found nothing to indicate that the Auditor General's opinion on Michigan DOT's financial statements or reports on Michigan DOT's internal controls and compliance were inappropriate or unreliable.

If you have any questions concerning this report, please call me at (410) 962-1729 or John R. Sysak, DOT National Single Audit Coordinator, at (410) 962-2630.

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