



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5007 (Substitute H-2 as passed by the House)

Sponsor: Representative Pat Somerville

House Committee: Transportation

Senate Committee: Transportation

Date Completed: 12-13-11

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (MTF) law, to do the following:

- Transfer the authority to conduct performance audits of funds received by counties, cities, and villages under the Act from the Department of Treasury to the Michigan Department of Transportation (MDOT).**
- Require MDOT to develop audit procedures and reporting requirements by July 1, 2012, and report to the Legislature by August 1, 2012.**
- Require the audit procedures to include a review of the road fund balance of a city or village.**

Under the Act, in addition to required financial compliance audits, the Department of Treasury must conduct performance audits and make investigations of the disposition of all State funds received by county road commissions, county boards of commissioners, or any other county governmental agency acting as the county road authority, for transportation purposes to determine compliance with the Act's terms and conditions. The Act contains similar provisions applicable to State funds received by cities and villages for transportation purposes. Under the bill, this responsibility would belong to MDOT, and the audits would be optional, rather than mandatory.

The bill would require MDOT to develop performance audit procedures and reporting requirements sufficient to determine whether funds were spent in compliance with the Act by July 1, 2012, and to report to the Transportation Committees of the Senate and House of Representatives by August 1, 2012, on the additional procedures and requirements.

The audit procedures would have to include a review of the road fund balance of a city or village. Cities and villages would have to report their road fund balances by fund balance component. The Department would have to assist cities and villages to ensure that road fund balances were classified consistently and in compliance with the audit and reporting requirements.

The bill would retain provisions regarding county, city, and village notification of the audit standards, and requiring them to make pertinent records available for audit, but would refer to MDOT rather than the Department of Treasury.

Performance audits could be performed at MDOT's discretion or when MDOT received a request from the Speaker of the House of Representatives or the Senate Majority Leader.

MCL 247.662 & 247.663

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would result in additional costs to the Department of Transportation depending on the number of performance audits that resulted from the bill. There are 83 county road jurisdictions and 533 city and village jurisdictions.

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.