



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

March 27, 2015

Board of County Road Commissioners

This letter is to inform you of changes required by Public Act 298 of 2012. In lieu of the Michigan Department of Transportation (MDOT) hiring auditors to comply with the new performance audit requirements, MDOT has worked with both the County Road Association of Michigan and Michigan Municipal League to establish additional audit testing to be done by your Certified Public Accountant (CPA) at the time of your annual financial audit.

Attached you will find an overview of PA 298 of 2012. The attached was developed with the assistance of the Michigan Association of Certified Public Accountants and is intended to help in deciphering PA 298 of 2012, which reads as follows: "In addition to the financial compliance audits required by law, the department may 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 terms and conditions of this act. Performance audits shall be conducted according to government auditing standards issued by the United States general accounting office. The department shall develop performance audit procedures and reporting requirements sufficient to determine whether funds expended under this section were expended in compliance with this act by September 1, 2012 and shall report to the transportation committees of the senate and house of representatives no later than October 1, 2012 on the additional audit procedures and reporting requirements. The department shall provide notice to the county road commission, county board of commissioners, or any other county governmental agency acting as the county road authority, as applicable, of the standards to be used for audits performed under this subsection. The notice shall be provided 6 months prior to the fiscal year in which the audit is conducted. The department shall notify the county road commission, county board of commissioners, or any other county governmental agency acting as the county road authority of any subsequent changes to the standards. County road commissions, county boards of commissioners, or any other county governmental agencies acting as county road authorities, as applicable, shall make available to the department the pertinent records for the audit. Performance audits may be performed at the discretion of the department or upon receiving a request from the speaker of the house of representatives or the senate majority leader."

This attachment is a useful tool to share with your CPA and to refer during your audit process. All audit periods starting October 1, 2015 and after, will need to ensure the attached overview is complied with by your CPA when conducting your annual financial audit. If you have any questions, please contact myself or Andrea Mowry at 517-335-2366 or via email at MowryA@michigan.gov.

Sincerely,

Edward A. Timpf, Administrator
Financial Operations Division
Bureau of Finance and Administration

Enclosure