

## **Audits-Payments**

**Subject:** Audit Deadlines and Submitting a Deficit Elimination Plan

### **Information:**

Annual CPA audits are due 180 days after the transit agency's local year end. In order to avoid withholding of local bus operating funds, transit agencies must comply with the audit requirement established in Public Act 51, as amended, that being Section 10h(2) and 14(5) of Act 51, being 247.660(h) and 247.664(5) of the Michigan Compiled Laws.

### **Actions Needed:**

1. Before the local annual audit is performed, notify PTD of who will be conducting your annual audit for that fiscal year. Submit the following information to Suzie Dillon, Program Administration Secretary, at (517) 335-4971 or [dillons@michigan.gov](mailto:dillons@michigan.gov)
  - The name of the CPA firm.
  - The main contact person within that firm.
  - The email address of the main contact person.
  - The telephone number of the main contact person.
  - The address of the CPA firm.
  
2. Obtain all of PTD's audit information listed below. These web-based documents can be sent to you US mail by contacting Trish D'Itri, Auditing Specialist, at (517) 335-2535.
  - Audit Guide for Transportation Authorities and Agencies in Michigan (revised April 1991).
    - The Audit Guide can be purchased from the Michigan Department of Treasury. The order form is located at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). On the left-hand side of the computer screen, click on "Local Government." Under the "Forms/Instructions" box, click on "[click here for: Local Government Forms and Instructions.](#)" In the "Account Manual Form" box, click on "2687, Publications Invoice." The Audit Guide is item number 14 "Transportation Authorities and Agencies" on the order form.
  - The Audit Information Letter issued annually.
    - This letter can be found at our website, <http://www.michigan.gov/mdotptd>. In the "Resources" box, click on "Audit/Accounting Information."

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**Actions Needed:**

- Local Public Transit Revenue and Expense Manual for the applicable fiscal year.
    - This Manual can be found at our website: <http://www.michigan.gov/mdotptd>. In the “Resources” box, click on “Audit/Accounting Information.”
3. If necessary, request an extension of the audit due date from the Michigan Department of Treasury.
- An extension of the audit due date may be requested by writing Ernest Hodgers, Manager, Local Audit and Finance Division, Bureau of Local Government Services. The request for an extension must include the following:
    - Signed by the chief administrative officer of the local unit;
    - Requested before the 6 month audit period has expired;
    - State that the audit is already in process;
    - State when the audit is expected to be completed; and
    - State the extraordinary circumstances that were beyond the local unit’s control that has caused the transit agency to request an extension of the audit due date.
- The extension cannot be requested via email because the request must include the chief administrative officer’s signature. The written request should be mailed to:
- Ernest Hodgers, Manager  
Michigan Department of Treasury - Local Audit and Finance Division  
P.O. Box 30728  
Lansing, MI 48909-8228
4. If the Department of Treasury approves an extension of the audit due date, notify Trish D’Itri, Auditing Specialist, of the extended due date at (517) 335-2535 or at [ditrit@michigan.gov](mailto:ditrit@michigan.gov).
5. If operating in a deficit situation as defined by the State Revenue Sharing Act, submit a deficit elimination plan to the Department of Treasury for approval.
- Contact person is Ernest Hodgers, Manager, Local Audit and Finance Division, Bureau of Local Government Services at [hodgerse@michigan.gov](mailto:hodgerse@michigan.gov).

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**Actions Needed:**

6. If a deficit elimination plan is submitted to the Department of Treasury, submit copies of all correspondences between you and the Department of Treasury to your Project Manager, including ultimately the approved deficit elimination plan.
7. Submit TWO COPIES of your entire CPA audit to PTD.
  - Often times, a “CPA audit” is issued in separate reports. For example, the entire CPA audit might consist of four separate reports titled: (1) Financial Statements for Fiscal Year ending 20xx; (2) Single Audit Report for Fiscal Year ending 20xx; (3) Additional Audit Information; and (4) Memorandum on Internal Control Structure.
  - Use the following address when mailing your CPA audit:

Trish D'Itri, Auditing Specialist  
MDOT - Multi Modal Transportation Bureau  
P.O. Box 30050  
Lansing, MI 48909
8. Supply PTD with any requested information or documentation.

**Contact:** If you have any questions on this procedure, contact Trish D'Itri, Auditing Specialist, at (517) 335-2535 or at [ditrit@michigan.gov](mailto:ditrit@michigan.gov).

Approved: Signed By: Kim Johnson 11/07/2002  
**Acting Division Administrator** **Date**

PTD:PAS:PDU:TD