

PERFORMANCE AUDIT
OF
WATERWAYS, WETLAND, AND SOIL EROSION AND
SEDIMENTATION PERMITS

MICHIGAN DEPARTMENT OF TRANSPORTATION

February 2005

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

Audit report information may be accessed at:

<http://audgen.michigan.gov>



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

*Waterways, Wetland, and Soil Erosion and
Sedimentation Permits*

Michigan Department of Transportation (MDOT)

Report Number:
59-161-04

Released:
February 2005

MDOT is responsible for analyzing, classifying, and coordinating the efforts of all trunkline projects in accordance with the National Environmental Policy Act (NEPA) of 1969 and for obtaining the required permits prior to project contracts being offered for bids to qualified bidders. Since 2001, MDOT has improved approximately 1,325 miles of State roadway, building nearly 50 miles of passing relief lanes and upgrading approximately 975 bridges.

Audit Objective:

To assess MDOT's effectiveness in ensuring that it obtains the necessary environmental permits for highway construction projects.

~ ~ ~ ~ ~

Audit Conclusion:

We concluded that MDOT was effective in ensuring that it obtains the necessary environmental permits for highway construction projects. Our report does not include any reportable conditions.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General

This page left intentionally blank.



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
201 N. WASHINGTON SQUARE
LANSING, MICHIGAN 48913
(517) 334-8050
FAX (517) 334-8079

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

February 9, 2005

Mr. Ted B. Wahby, Chairperson
State Transportation Commission
and
Ms. Gloria J. Jeff, Director
Michigan Department of Transportation
Murray Van Wagoner Transportation Building
Lansing, Michigan

Dear Mr. Wahby and Ms. Jeff:

This is our report on the performance audit of Waterways, Wetland, and Soil Erosion and Sedimentation Permits, Michigan Department of Transportation.

This report contains our report summary; description of agency; audit objective, scope, and methodology; comment; a map of region areas, presented as supplemental information; and a glossary of acronyms and terms.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

This page left intentionally blank.

TABLE OF CONTENTS

WATERWAYS, WETLAND, AND SOIL EROSION AND SEDIMENTATION PERMITS MICHIGAN DEPARTMENT OF TRANSPORTATION

| | <u>Page</u> |
|--|-------------|
| INTRODUCTION | |
| Report Summary | 1 |
| Report Letter | 3 |
| Description of Agency | 6 |
| Audit Objective, Scope, and Methodology | 8 |
| COMMENT | |
| Effectiveness in Obtaining Necessary Environmental Permits | 11 |
| SUPPLEMENTAL INFORMATION | |
| Map of Region Areas | 13 |
| GLOSSARY | |
| Glossary of Acronyms and Terms | 15 |

Description of Agency

The Michigan Department of Transportation (MDOT) was organized under Sections 16.450 - 16.458 of the *Michigan Compiled Laws* (sections of the Executive Organization Act of 1965). MDOT is governed by the State Transportation Commission, which is made up of six members who are appointed by the Governor with the advice and consent of the Senate. The Commission is responsible for establishing policies. MDOT is managed by a director, appointed by the Governor, who is responsible for administering MDOT and implementing the policies established by the Commission. MDOT's mission* is to provide the highest quality transportation for economic benefit and improved quality of life.

Environmental quality is a major concern for the public. Control of erosion and sediments resulting from highway construction projects is essential to a healthy environment. Sediment, a product of uncontrolled erosion, is the greatest pollutant by volume entering our lakes and streams. Erosion and sedimentation result in: loss of fertile topsoil, filling of lakes and streams, increased flooding, damage to plant and animal life, and structural damage to buildings and roads. Construction is one of the major causes of erosion in Michigan. The Department of Environmental Quality's (DEQ's) Soil Erosion and Sedimentation Control Program was implemented to regulate the pollution of Michigan waters by improper construction site management practices. Special provisions are required for all development sites where there will be a disruption in the site land cover.

Part 31 (Water Resources Protection) of Act 451, P.A. 1994, as amended (the Natural Resources and Environmental Protection Act), requires environmental permits for construction projects that have an earth disturbance of five or more acres. DEQ has designated MDOT as an authorized public agency (APA) under the Act. This APA designation means that individual soil erosion and sedimentation control permits are not required for ground disturbances of up to five acres (with exceptions involving water). To maintain MDOT's APA status, all earth change activities, regardless of size or location, must be conducted in accordance with an approved soil erosion and sedimentation control plan. MDOT is subject to periodic audits by DEQ to ensure

* See glossary at end of report for definition.

compliance with those procedures. In addition, individuals responsible for the planning or design of a project's soil erosion and sedimentation control plans must complete training approved by DEQ.

DEQ requires environmental permits for construction projects with earth disturbance of over five acres; in or over adjacent inland lakes or streams; in wetland areas; in flood plains of any river or stream having a contributing drainage area in excess of two square miles upstream of the crossing; over or adjacent to the Great Lakes; or involving any dam.

MDOT's Environmental Section, Project Planning Division, Bureau of Transportation Planning, is responsible for analyzing, classifying, and coordinating the efforts of all trunkline* projects in accordance with the National Environmental Policy Act (NEPA) of 1969.

MDOT's Construction and Technology Support Unit, Bureau of Highway Delivery, is responsible for reviewing National Pollutant Discharge Elimination System (NPDES) permits for MDOT projects that have an earth disturbance of more than five acres.

MDOT's regional offices and transportation service centers are responsible for obtaining the required permits prior to project contracts being offered for bids to qualified bidders. The regional offices and transportation service centers are also responsible for monitoring compliance with the permits by the contractors.

Since 2001, MDOT has improved approximately 1,325 miles of State roadway, building nearly 50 miles of passing relief lanes and upgrading approximately 975 bridges. MDOT works with State and federal environmental agencies to help ensure that highway construction projects are environmentally sound and cause a minimum of disruption to existing ecosystems. MDOT's 2004 - 2008 Five-Year Road and Bridge Program is estimated to impact approximately 100 acres of wetlands.

* See glossary at end of report for definition.

Audit Objective, Scope, and Methodology

Audit Objective

The objective for our performance audit* of Waterways, Wetland, and Soil Erosion and Sedimentation Permits, Michigan Department of Transportation (MDOT), was to assess MDOT's effectiveness* in ensuring that it obtains the necessary environmental permits for highway construction projects.

Audit Scope

Our audit scope was to examine the program and other records of the Michigan Department of Transportation. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures, conducted from April through June 2004, primarily covered the period October 1, 2002 through May 31, 2004.

To accomplish our objective, we interviewed MDOT personnel directly involved in the operations and administration of the environmental review processes.

We interviewed Department of Environmental Quality (DEQ) personnel to gain an understanding of DEQ's perspective of the environmental permit process. We reviewed DEQ's recent audit of the Metro Regional Office and Transportation Service Centers for soil erosion and sediment control procedures as required by Part 91 (Soil Erosion and Sedimentation Control) of Act 451, P.A. 1994, as amended (Natural Resources and Environmental Protection Act), for MDOT to maintain authorized public agency (APA) status.

We reviewed our prior related performance audit of the Bureau of Transportation Planning, Michigan Department of Transportation (#5915001).

* See glossary at end of report for definition.

We identified the population of highway construction projects conducted in fiscal year 2002-03 that were likely to require environmental permits. We judgmentally selected projects in the Metro and University Regions that represented a variety of job types (reconstruction, repaving, relocation, and bridge deck construction), locations, and costs. We reviewed 8 (15%) of 52 projects let for the Metro Region and 12 (21%) of 56 projects let for the University Region. These 20 projects represented 5% of the total (420) projects let that were likely to require environmental permits. We tested these projects for proper environmental classifications by the Project Planning Division, design provisions reviewed by the Construction and Technology Support Area, permit issuance by bid letting* date, and compliance monitoring noted in inspection reports. We visited construction sites of selected projects for which MDOT did not obtain environmental permits. We verified that the projects did, in fact, not require environmental permits.

* See glossary at end of report for definition.

COMMENT

EFFECTIVENESS IN OBTAINING NECESSARY ENVIRONMENTAL PERMITS

COMMENT

Audit Objective: To assess the Michigan Department of Transportation's (MDOT's) effectiveness in ensuring that it obtains the necessary environmental permits for highway construction projects.

Conclusion: We concluded that MDOT was effective in ensuring that it obtains the necessary environmental permits for highway construction projects. Our report does not include any reportable conditions*.

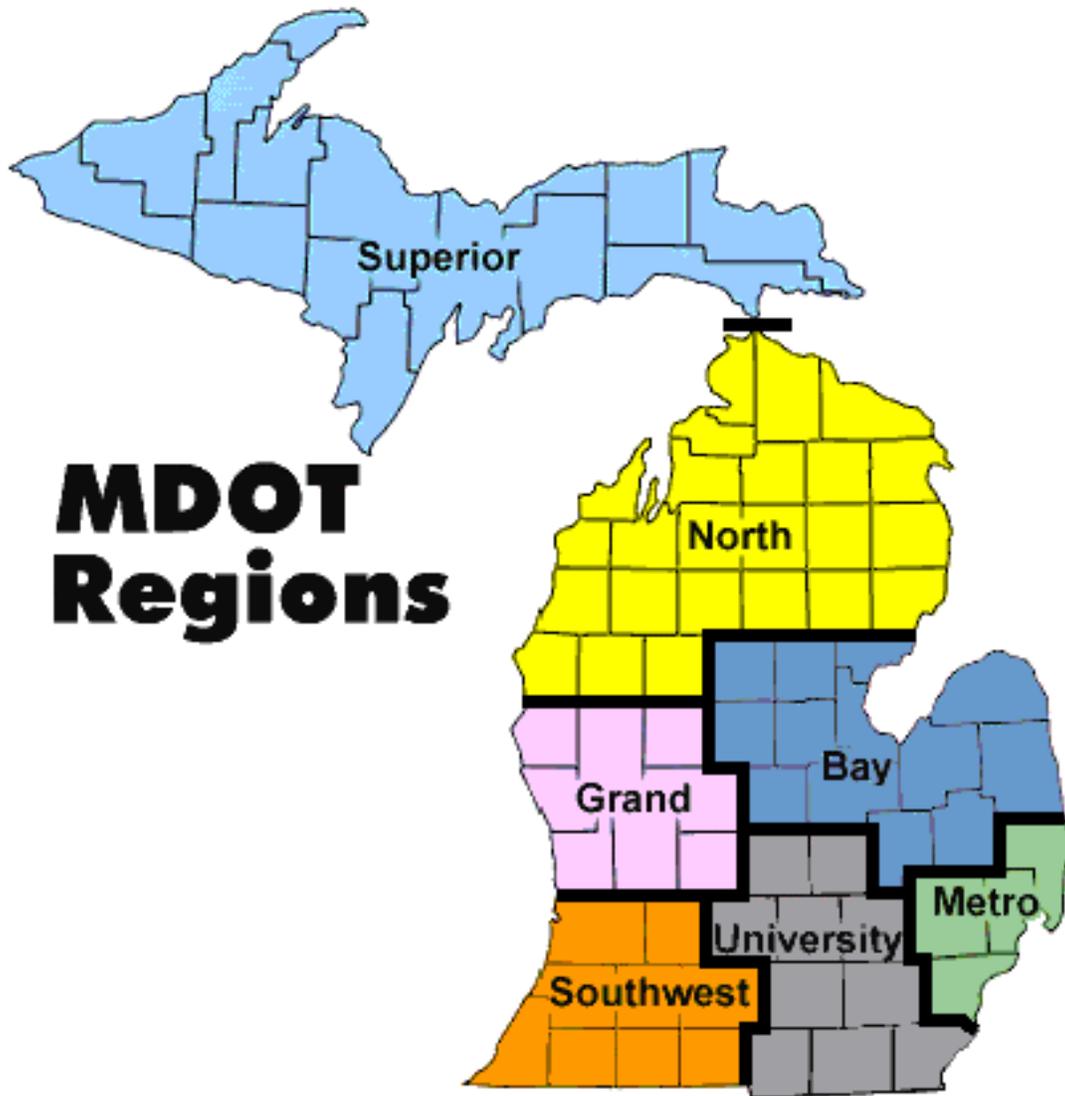
* See glossary at end of report for definition.

SUPPLEMENTAL INFORMATION

WATERWAYS, WETLAND, AND SOIL EROSION AND SEDIMENTATION PERMITS

Michigan Department of Transportation (MDOT)

Region Areas



Source: MDOT's Web site (<http://www.michigan.gov/mdot>)

GLOSSARY

Glossary of Acronyms and Terms

| | |
|----------------------|--|
| APA | authorized public agency. |
| bid letting | The process of awarding a contract to a contractor based on the amount of a bid. |
| DEQ | Department of Environmental Quality. |
| effectiveness | Program success in achieving mission and goals. |
| MDOT | Michigan Department of Transportation. |
| mission | The agency's main purpose or the reason that the agency was established. |
| performance audit | An economy and efficiency audit or program audit that is designed to provide an independent assessment of the performance of a government entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action. |
| reportable condition | A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner. |
| trunkline | The 9,716 miles of highway made up of State ("M"), national ("US"), and interstate ("I") routes that are MDOT's responsibility. |