



# MICHIGAN

OFFICE OF THE AUDITOR GENERAL

## AUDIT REPORT



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

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

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Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

*Performance Audit*

Report Number:  
591-0160-12

*Maintenance Services Section*

*Michigan Department of Transportation*

Released:  
January 2013

*The purpose of the Maintenance Services Section is to provide technical support and training assistance to the transportation regional offices in an effort to provide a safe roadway for the traveling public, to maintain the serviceability of the highway system, and to support facilities while preserving the State's investment in its transportation infrastructure.*

**Audit Objective:**

To assess the effectiveness of the Michigan Department of Transportation's (MDOT's) efforts to monitor its contractors' performance of maintenance activities.

**Audit Conclusion:**

We concluded that MDOT's efforts to monitor its contractors' performance of maintenance activities were moderately effective. We noted two reportable conditions (Findings 1 and 2).

**Reportable Conditions:**

MDOT did not require Wayne County to follow prescribed procedures for the electronic submission of monthly maintenance billings (Finding 1).

MDOT had not established effective controls for granting, monitoring, and removing user access to the Local Agency Payment System (LAPS). Also, MDOT did not designate a backup for the LAPS security administrator (Finding 2).

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**Audit Objective:**

To assess the effectiveness of MDOT's efforts to evaluate the cost-effectiveness of its maintenance activities.

**Audit Conclusion:**

We concluded that MDOT's efforts to evaluate the cost-effectiveness of its maintenance activities were effective. Our audit report does not include any reportable conditions related to this audit objective.

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**Audit Objective:**

To assess the effectiveness of MDOT's efforts in processing accident damage claims.

**Audit Conclusion:**

We concluded that MDOT's efforts in processing accident damage claims were moderately effective. We noted one reportable condition (Finding 3).

**Reportable Condition:**

MDOT did not timely process motorists' traffic accident damage claims to recover the cost of repairs to State highway property (Finding 3).

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**Agency Response:**

Our audit report contains 3 findings and 4 corresponding recommendations. MDOT's preliminary response indicates that it concurs with all 4 recommendations.

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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



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

January 3, 2013

Mr. Jerrold M. Jung, Chair  
State Transportation Commission  
and  
Kirk T. Steudle, P.E., Director  
Michigan Department of Transportation  
Murray Van Wagoner Transportation Building  
Lansing, Michigan

Dear Mr. Jung and Mr. Steudle:

This is our report on the performance audit of the Maintenance Services Section, Michigan Department of Transportation.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; two exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's response subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a plan to comply with the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

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

Sincerely,

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



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## GLOSSARY

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## Description of Agency

The Maintenance Services Section is one of two areas within the Maintenance/Operations Services Unit, Michigan Department of Transportation (MDOT). The Section's purpose is to provide technical support and training assistance to the transportation regional offices in an effort to provide a safe roadway for the traveling public, to maintain the serviceability of the highway system, and to support facilities while preserving the State's investment in its transportation infrastructure.

The Maintenance Services Section is responsible for coordinating the maintenance of rest areas, roadside parks, and scenic turnouts and provides a variety of administrative and technical services, support, and contracting services to 7 regions and 22 transportation service centers (TSCs). The Section provides training materials and administers the rest area, roadside park, chemical storage, and Adopt-A-Highway programs. Also, it provides Statewide support to TSCs, garages, special crews, central office staff, pump houses, moveable bridges, and traffic signals. In addition, the Section administers Statewide highway maintenance programs and services, develops policies regarding highway maintenance, and coordinates the Statewide vegetation management and summer youth programs. To fulfill these responsibilities, MDOT contracts with the County Road Association of Michigan in 65 Michigan counties (contract counties\*) to perform the preservation and regular maintenance work on State trunkline highways located within those counties. MDOT utilizes direct force\* to perform the preservation and regular maintenance work on State trunkline highways located in the remaining 18 counties.

MDOT incurred maintenance expenditures totaling \$268 million and \$265 million in fiscal years 2009-10 and 2010-11, respectively (see Exhibit 1). Approximately 58% and 61% of all maintenance expenditures in fiscal years 2009-10 and 2010-11, respectively, were incurred by contract counties and other contract services.

\* See glossary at end of report for definition.

## Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Our performance audit\* of the Maintenance Services Section, Michigan Department of Transportation (MDOT), had the following objectives:

1. To assess the effectiveness\* of MDOT's efforts to monitor its contractors' performance of maintenance activities.
2. To assess the effectiveness of MDOT's efforts to evaluate the cost-effectiveness of its maintenance activities.
3. To assess the effectiveness of MDOT's efforts in processing accident damage claims.

### Audit Scope

Our audit scope was to examine the program and other records of the Maintenance Services Section. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit procedures, performed during August and September 2011 and from April through August 2012, generally covered the period October 1, 2008 through July 31, 2012.

Specifically, we reviewed records, including contract and direct services, related to the Maintenance Services Section centrally and at selected transportation service centers (TSCs). We judgmentally selected and performed on-site visits at 6 TSCs (Brighton, Gaylord, Grand, Jackson, Oakland, and Taylor) and at 3 regional offices (Grand, Metro, and North).

\* See glossary at end of report for definition.

As part of our audit, we compiled supplemental information (Exhibits 1 and 2) that relates to our audit objectives. Our audit was not directed toward expressing a conclusion on this information and, accordingly, we express no conclusion on it.

### Audit Methodology

We conducted a preliminary review of the Maintenance Services Section central unit in Lansing and 4 TSCs to form a basis for defining our audit scope. This preliminary review included discussions with various MDOT staff and administrative agency staff regarding their functions and responsibilities; observation; and examination of records, policy directives, and operating procedures.

To accomplish our first objective, we examined MDOT's maintenance budget process, maintenance contractual agreements, monthly contract billings, expenditure data, and TSC monitoring records of maintenance contract agencies, including monthly maintenance activity reports. We also examined monthly billings submitted by contract counties through the Local Agency Payment System (LAPS) for reasonableness. We reviewed the process of reconciling maintenance projects with monthly billings submitted through LAPS by contract counties at 6 TSCs. In addition, we reviewed monthly maintenance activity reports of contractual agencies during our audit period to determine how the billings were received, reviewed, and reconciled to services received. We obtained a listing of LAPS users and reviewed it to determine if only current MDOT employees had access. Also, we identified users' levels of access to determine if the levels were appropriate.

To accomplish our second objective, we visited 6 TSCs and 3 regional offices and interviewed regional engineers, TSC managers, and transportation management coordinators regarding their evaluation of maintenance activities. We reviewed the practices for Statewide evaluation of maintenance activities.

To accomplish our third objective, we interviewed MDOT maintenance staff to determine the procedures for processing traffic accident reports to identify damage costs to highway property to be billed to responsible motorists. We calculated an estimation for the amount of highway property damage that MDOT could have billed if all accident claims were processed in a timely manner.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

#### Agency Responses and Prior Audit Follow-Up

Our audit report contains 3 findings and 4 corresponding recommendations. MDOT's preliminary response indicates that it concurs with all 4 recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require MDOT to develop a plan to comply with the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We released our prior performance audit of the Maintenance Division, Bureau of Highway Technical Services, Michigan Department of Transportation (59-160-01), in July 2002. MDOT complied with 3 of the 4 prior audit recommendations. We repeated 1 prior audit recommendation in Finding 3 of this audit report.

COMMENTS, FINDINGS, RECOMMENDATIONS,  
AND AGENCY PRELIMINARY RESPONSES

## MONITORING CONTRACTOR PERFORMANCE

### COMMENT

**Audit Objective:** To assess the effectiveness of the Michigan Department of Transportation's (MDOT's) efforts to monitor its contractors' performance of maintenance activities.

**Audit Conclusion:** We concluded that MDOT's efforts to monitor its contractors' performance of maintenance activities were moderately effective. Our assessment disclosed two reportable conditions\* related to monitoring of contract county maintenance billings and Local Agency Payment System (LAPS) user access (Findings 1 and 2).

### FINDING

1. Monitoring of Contract County Maintenance Billings

MDOT did not require Wayne County to follow prescribed procedures for the electronic submission of monthly maintenance billings. As a result, MDOT could not ensure that \$22 million (17%) of \$133 million contract expenditures in fiscal year 2010-11 and \$8 million (12%) of \$69 million contract expenditures for the six-month period ended March 31, 2012 for monthly contract maintenance service costs were sufficiently reconciled and verified.

MDOT's Transportation Maintenance Coordinator's (TMC's) Reference Manual states that the TMCs or supervisors shall review each invoice submitted by the contract counties for conformance with the maintenance contract and ensure that the charges are consistent with the work operations being performed and reported.

Contract counties submit monthly billings electronically to the MDOT Maintenance Services Section where a system administrator uploads the data into the Local Agency Payment System (LAPS). LAPS is used for storing and processing maintenance contract billings submitted by local contract agencies and provides users, usually TMCs, with detailed billing information for monitoring, auditing, and approving monthly contract maintenance expenditures.

\* See glossary at end of report for definition.

Our review of maintenance service billings from the 65 contract counties disclosed that one county did not report daily billing detail that was consistent with the LAPS record layout. As a result, MDOT did not perform reconciliations of the billings, which resulted in limited assurance that the billings were accurate. We noted:

- a. Wayne County submitted monthly billings that did not identify overtime hours worked by employees on maintenance projects. Instead, Wayne County reported overtime hours worked as regular hours and adjusted the hourly rate.

Without detailed billings, the TMC or supervisor could not reconcile and verify the accuracy of overtime and regular hours worked with the requirements of the contract and contract agency field review reports.

- b. Wayne County submitted billing information that was summarized in a biweekly format rather than a daily format.

Without a daily format, the TMC or supervisor could not readily verify whether the labor, equipment, materials, and activities billed by Wayne County for maintenance activities performed reconciled with the maintenance activities that occurred.

MDOT staff informed us that compensating controls included holding biweekly meetings with contract county staff and conducting periodic field inspection reviews of maintenance contract activity. However, these activities did not provide a way to determine if the charges reported were consistent with the work operations performed.

### **RECOMMENDATION**

We recommend that MDOT require Wayne County to follow prescribed procedures for the electronic submission of monthly maintenance billings.

### **AGENCY PRELIMINARY RESPONSE**

MDOT concurs that one county's LAPS reporting methodology did not provide daily detail and, as a result, caused MDOT to use more than normal amounts of labor in its efforts to reconcile the county's costs. MDOT informed us that it communicated

with and encouraged the county to change its reporting to provide daily detail consistent with other counties. However, to date, the county did not change how it reported in LAPS.

MDOT recognizes the risk of the one county not providing daily detail; however, MDOT believes that it has controls to ensure that every contract county's monthly billings are accurate. In addition, MDOT believes that its numerous oversight controls provide sufficient assurance of the accuracy and reasonableness of each county's monthly billings.

MDOT informed us that it continues to explore opportunities to strengthen controls and improve oversight on the performance of maintenance activities for the referenced county and also to improve processes for all counties.

## **FINDING**

### **2. Local Agency Payment System (LAPS) User Access**

MDOT had not established effective controls for granting, monitoring, and removing user access to LAPS. Also, MDOT did not designate a backup for the LAPS security administrator. As a result, MDOT could not ensure that only appropriate users had access to LAPS and MDOT could not provide assurance that LAPS would be effectively managed if the current security administrator was no longer available to perform the position's function.

Control Objectives for Information and Related Technology\* (COBIT) requires management to establish policies and procedures to identify, authenticate, and authorize access mechanisms and access rights for all users based on predetermined and preapproved roles. COBIT also requires that management define and implement a procedure for identifying new users and recording, approving, and maintaining access rights. In addition, user access rights should be reviewed after any job changes, such as transfer, promotion, demotion, or termination of employment. Department of Technology, Management, and Budget (DTMB) Administrative Guide policy 1305.00 states that State departments will adhere to COBIT concepts.

\* See glossary at end of report for definition.

MDOT uses LAPS for storing and processing maintenance contract billings submitted by local contract agencies. It provides users with detailed billing information for monitoring, auditing, and approving monthly contract maintenance expenditures.

Our review of LAPS user access and system privileges disclosed:

- a. MDOT had not established formal policies and procedures for assigning, restricting, removing, or reviewing user access to LAPS. Formal policies and procedures would help MDOT manage its user access and help MDOT ensure that only authorized users had access to the system.

DTMB Administrative Guide policy 1335.00 states that an agency shall ensure that a formalized process is developed to manage user access to information technology resources that provides a mechanism for controlling and documenting the allocation of user access rights from initial access rights, as a new user, through to de-registration, when the user changes jobs or leaves the agency.

We performed a review of 210 authorized LAPS users and noted that 57 (27%) users at the regional and transportation service center (TSC) levels had the ability to grant and terminate LAPS access. Although it was appropriate for authorized employees to grant and terminate user access at the regional and TSC levels, policies and procedures were not in place to guide the LAPS users.

- b. MDOT did not disable employee access of all LAPS users upon employee departure. Disabling employee access upon employee departure helps protect system data from unauthorized modification or use.

We determined that 3 (1%) of the 210 authorized LAPS users were not current MDOT employees as of July 2012. These 3 former MDOT employees still had access to LAPS an average of 158 days after they left MDOT employment. Two of these employees still had rights to approve, create, and edit budgets and could still perform user maintenance within LAPS.

DTMB Administrative Guide policy 1335.00 states that an agency shall ensure that a formalized process is developed to manage user access to information technology resources that limits access to authorized users whose job responsibilities require it as determined by the agency internal approval process.

MDOT staff informed us that network access is required in order to allow LAPS access. However, MDOT did not verify that departed employees' network access was also terminated. In addition, MDOT could not determine if the departed employees had accessed LAPS after their departure.

- c. MDOT did not have a staff member designated as a backup to perform the critical functions of the LAPS security administrator. Without a backup, MDOT could not provide assurance that system operations would run effectively in the event that the current security administrator was not available to perform the functions of the position.

COBIT states that it is necessary to minimize exposure to critical dependency on key individuals through documentation, knowledge sharing, succession planning, and staff backup. It further recommends that key staff members in critical roles have their positions backed up with a suitable replacement.

## **RECOMMENDATIONS**

We recommend that MDOT establish effective controls for granting, monitoring, and removing user access to LAPS.

We also recommend that MDOT designate a backup for the LAPS security administrator.

## **AGENCY PRELIMINARY RESPONSE**

MDOT concurs with the recommendations. In the past two years, MDOT experienced a significant number of retirements and underwent an extensive reorganization to identify core functions and realign resources to streamline operations. With a significant portion of the reorganization underway, MDOT will develop and implement written procedures for granting, monitoring, and removing user access to LAPS.

Also, MDOT will review the current list of LAPS users and make any needed adjustments. In addition, MDOT informed us that it has already designated an additional employee to perform the critical functions of the LAPS security administrator. MDOT is actively training the employee for this role.

MDOT will comply with the recommendation by November 30, 2012.

## EVALUATING COST-EFFECTIVENESS OF MAINTENANCE ACTIVITIES

### COMMENT

**Audit Objective:** To assess the effectiveness of MDOT's efforts to evaluate the cost-effectiveness of its maintenance activities.

**Audit Conclusion:** We concluded that MDOT's efforts to evaluate the cost-effectiveness of its maintenance activities were effective. Our audit report does not include any reportable conditions related to this audit objective.

## PROCESSING ACCIDENT DAMAGE CLAIMS

### COMMENT

**Audit Objective:** To assess the effectiveness of MDOT's efforts in processing accident damage claims.

**Audit Conclusion:** We concluded that MDOT's efforts in processing accident damage claims were moderately effective. Our assessment disclosed one reportable condition related to unrecovered damage costs to highway property (Finding 3).

### FINDING

#### 3. Unrecovered Damage Costs to Highway Property

MDOT did not timely process motorists' traffic accident damage claims to recover the cost of repairs to State highway property. As a result, MDOT could not bill motorists for an estimated \$2.5 million for the period October 1, 2008 through June 30, 2011.

The Maintenance Services Section is responsible for forwarding accident reports involving damage to State highway property to the respective regional offices for processing. Regional offices, coordinating with TSCs, MDOT garages, and MDOT special crews, assess State highway property repair costs associated with the traffic accident and return the information to the Maintenance Services Section to initiate a damage claim to the motorist. Section 500.3145 of the *Michigan Compiled Laws* allows MDOT up to 12 months from the date of an accident to identify and assess the vehicle owner for highway repair costs. Repair costs not assessed within 12 months are not recoverable.

The Maintenance Services Section did not have a formal process to monitor and follow up with regional offices to ensure that accident reports were returned in a timely manner. Our review of 17,664 traffic accident reports forwarded to regional offices disclosed that 3,184 (18%) were not returned to the Maintenance Services Section within the 12-month time requirement:

Fiscal Year in Which Traffic Accident Occurred	Reports Not Returned	Total Reports	Percentage of Total Reports Not Returned
2009-09	1,113	6,388	17%
2009-10	1,032	5,623	18%
2010-11*	1,039	5,653	18%
Totals	3,184	17,664	18%

\* Through June 30, 2011.

Also, our analysis of the individual regional offices' performances disclosed unreturned traffic reports ranging from 2% to 43% for the period October 1, 2008 through June 30, 2011 (see Exhibit 2).

We estimated the amount of damage claims that MDOT could have billed using the percentage of accident reports returned with a cost to the State and the average amount of costs billed during the 33-month period. As a result, an additional \$2.5 million could have been billed for this period if all accident reports were processed on a timely basis.

During our audit fieldwork, the Maintenance Services Section informed us of several measures that it initiated during calendar year 2012 to improve its processing of traffic accident reports and identification of State property damage claims. These measures included hiring an additional person to assist in administering the traffic accident damage claims process and reducing the amount of time taken to assign traffic accident reports to the appropriate regional office; creating and forwarding electronic aging reports to regional offices; and providing Statewide training on the updated motorists' traffic accident damage claims process to appropriate MDOT personnel. Although MDOT initiated these measures during our audit fieldwork, sufficient time has not elapsed to assess the impact that these measures will have on the timeliness of processing damage claims.

Our July 2002 performance audit of the Maintenance Division, Bureau of Highway Technical Services, Michigan Department of Transportation (59-160-01), reported that MDOT needed to require that field staff process damage claims in a timely manner. MDOT indicated that it concurred with the recommendation and that it had started to review the current process and would implement revised procedures for improving the damage claim process by June 2003.

### **RECOMMENDATION**

We again recommend that MDOT timely process motorists' traffic accident damage claims to recover the cost of repairs to State highway property.

### **AGENCY PRELIMINARY RESPONSE**

MDOT concurs with the recommendation. MDOT has implemented process enhancements and identified other opportunities for further enhancements that will improve from 82% the rate of reviewed traffic accident reports returned to MDOT within the required 12-month period.

MDOT informed us that, in June 2010, it conducted a process improvement workshop. MDOT subsequently significantly improved its damage claim collection efforts. Specifically, from fiscal year 2008-09 to fiscal year 2011-12, MDOT has more than doubled its collections from responsible parties for damage costs to highway property.

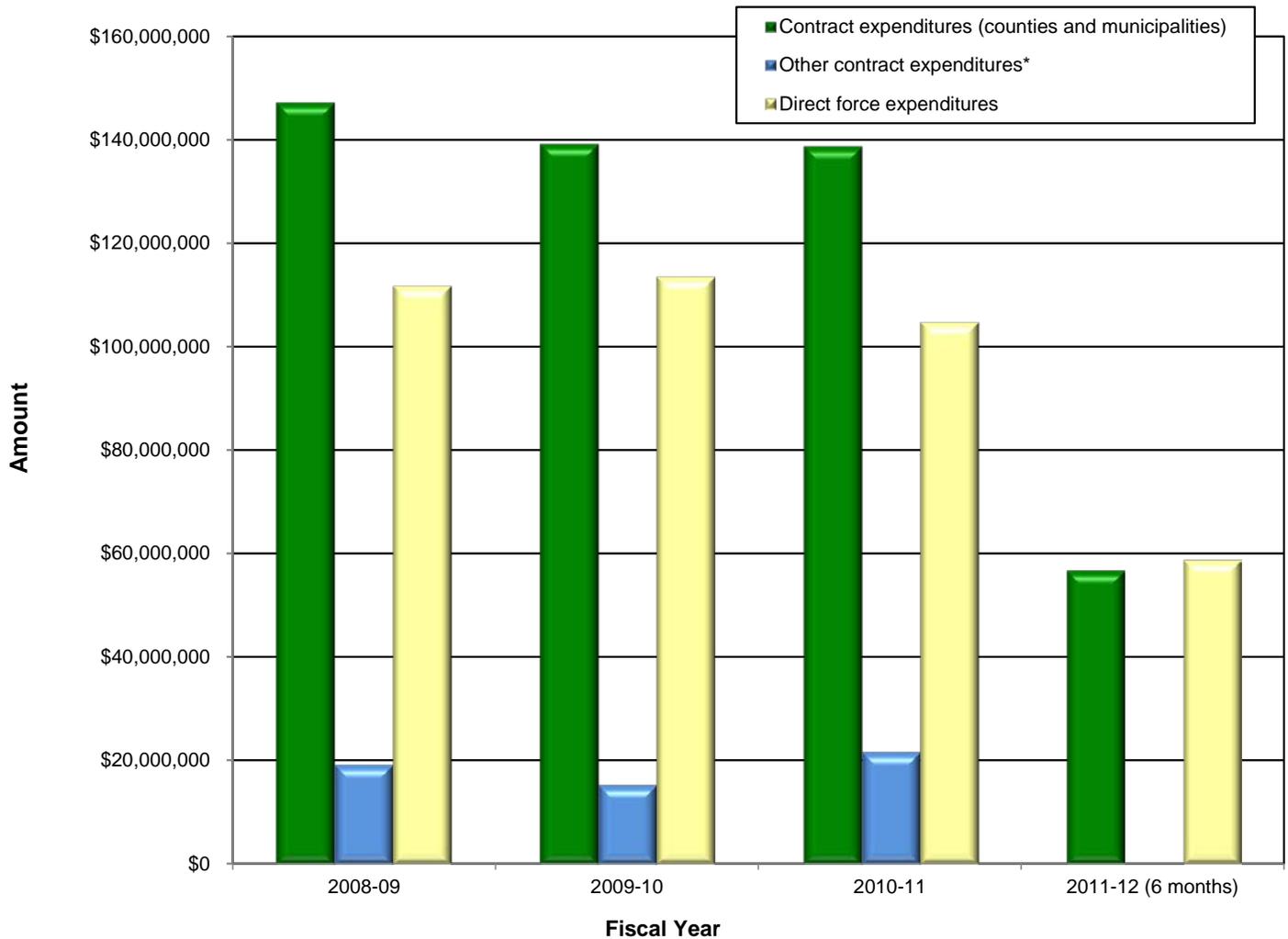
MDOT has or will implement the following activities to help ensure that MDOT efficiently recovers costs to repair State property:

- Hired an additional analyst to assist with the administration of the Property Damage Reclamation Process (PDRP).
- Reduced the time it takes to assign reports to the appropriate agency from weeks (on average) to one business day, so that claims can be processed faster and more efficiently.
- Changed the distribution of aging reports to an electronic process, so that claims can be processed faster and more efficiently.
- Trained employees on PDRP at two TSCs and has scheduled the training of other employees.
- Is in the process of implementing a system of tagging MDOT's damaged assets for use by police agencies, which will further streamline the process because damaged infrastructure can be directly tied to reports and, consequently, can be processed faster and more efficiently.
- Is on schedule with implementing the PDRP information technology development project, which will allow MDOT to enhance the functionality and efficiency of the software.
- Has identified specific measurable PDRP goals for improvement. MDOT developed lead measures with corresponding tasks to help maintain MDOT's focus on improvement efforts and progress tracking.

MDOT expects full implementation of all initiatives by December 31, 2013.

# SUPPLEMENTAL INFORMATION

**MAINTENANCE SERVICES SECTION**  
Michigan Department of Transportation (MDOT)  
Comparison of LAPS Maintenance Expenditures: Contract, Other Contract, and Direct Force  
For the Period October 1, 2008 through March 31, 2012

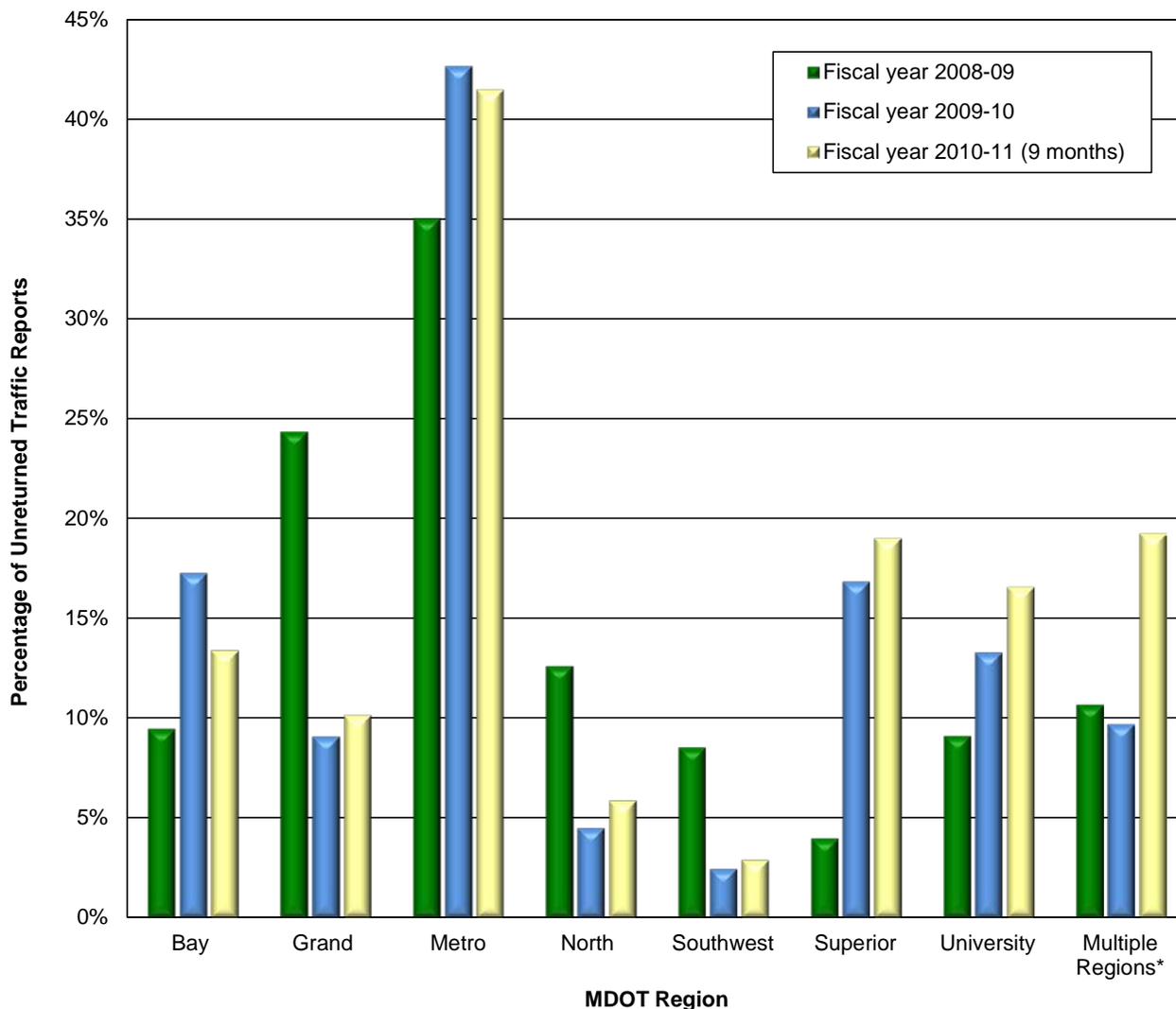


This chart presents a comparison of the three types of MDOT maintenance expenditures from fiscal year 2008-09 through fiscal year 2011-12 (as of March 31). It also identifies that a majority of the maintenance expenditures are incurred by contract counties and municipalities that run through the Local Agency Payment System (LAPS).

\* Other contract expenditures for the period 2011-12 (6 months) totaled \$107,312.

Source: The Office of the Auditor General prepared this exhibit based on unaudited records obtained from MDOT.

**MAINTENANCE SERVICES SECTION**  
Michigan Department of Transportation (MDOT)  
Percentage of Unreturned Traffic Reports by MDOT Region  
Based on Traffic Report Data by Fiscal Year  
For the Period October 1, 2008 through June 30, 2011



This chart presents a comparison of unreturned traffic reports by MDOT regional offices for fiscal year 2008-09 through fiscal year 2010-11 (as of June 30). It also identifies that MDOT regional offices did not return traffic reports to the Maintenance Services Section within the 12-month period as required by Section 500.3145 of the *Michigan Compiled Laws*, ranging from 2% (Southwest Region in fiscal year 2009-10) to 43% (Metro Region in fiscal year 2009-10).

\* Multiple regions represent traffic reports that occurred across 2 or more of the 7 regions.

Source: The Office of the Auditor General prepared this exhibit based on unaudited records obtained from MDOT.

# GLOSSARY

## Glossary of Acronyms and Terms

contract counties	Counties that MDOT contracts with for a majority of their maintenance services. These counties submit billings for reimbursement to MDOT through LAPS.
Control Objectives for Information and Related Technology (COBIT)	A framework, control objectives, and audit guidelines published by the IT Governance Institute as a generally applicable and accepted standard for good practices for controls over information technology.
direct force	MDOT employees who perform the maintenance services within a county.
DTMB	Department of Technology, Management, and Budget.
effectiveness	Success in achieving mission and goals.
LAPS	Local Agency Payment System.
MDOT	Michigan Department of Transportation.
PDRP	Property Damage Reclamation Process.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

reportable condition

A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

TMC

transportation maintenance coordinator.

TSC

transportation service center.







