



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Offices of Quality and Reengineering,
Human Resources, and Equal Opportunity
Michigan Department of Transportation

Report Number:
59-225-01

Released:
December 2002

The Office of Quality and Reengineering provides guidance and assistance to the Michigan Department of Transportation's (MDOT's) executive leadership in continuously improving MDOT's business practices. The Office of Human Resources is responsible for administering MDOT's payroll and personnel activities. The Office of Equal Opportunity is responsible for monitoring contractors' compliance with anti-discrimination regulations and for ensuring that only eligible firms participate in disadvantaged business programs.

**Office of Quality and
Reengineering (OQR)**

Audit Objective:

To assess the effectiveness and efficiency of OQR in meeting its mission of advancing MDOT's transformation to a customer-focused, process-oriented organization that is committed to continuous improvement and is adaptive to change.

Audit Conclusion:

OQR was effective and efficient in meeting its mission. Our report does not include any reportable conditions related to this objective.

Noteworthy Accomplishments:

The American Association of State Highway and Transportation Officials (AASHTO) awarded MDOT the President's Award and two Exemplary Partner Awards in 2001, two Trailblazer Awards in 2000, and one Exemplary Partner Award and two Trailblazer Awards in 1999.

AASHTO, using the Malcom Baldrige National Quality Award criteria, annually recognizes state and federal transportation organizations throughout the country for their team efforts by awarding three levels of achievement: Exemplary Partner, Pathfinder, and Trailblazer. The President's Award is awarded to the Exemplary Partner team that made the greatest positive impact on the overall transportation organization.

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Office of Human Resources (OHR)

Audit Objective:

To assess the effectiveness and efficiency of OHR in meeting its responsibilities in the functions of labor relations, classification and selection, payroll, and disability management.

Audit Conclusion:

OHR was reasonably effective and efficient in performing its responsibilities. However, we noted reportable conditions related to conflict-of-interest disclosures, grievances, and Americans with Disabilities Act accommodation requests (Findings 1 through 3).

Audit Objective:

To evaluate the management control established by OHR for MDOT's payroll and personnel functions.

Audit Conclusion:

OHR's management control over MDOT's payroll and personnel functions was reasonably effective. However, we noted reportable conditions related to leaves of absence, limited-term appointments, and student assistants (Findings 4 through 6).

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Office of Equal Opportunity (OEO)

Audit Objective:

To assess OEO's efforts to ensure that MDOT is in compliance with federal

regulations regarding disadvantaged business enterprises and equal employment opportunity in the work forces of private contractors, subcontractors, and materials suppliers.

Audit Conclusion:

OEO's monitoring efforts did ensure that MDOT generally complied with federal regulations. However, we noted reportable conditions related to commercially useful function regulations, disadvantaged business enterprise certification, Title VI compliance, and the equal employment opportunity contract compliance program (Findings 7 through 10).

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Agency Response:

Our audit report contains 10 findings and 16 corresponding recommendations. The agency preliminary responses indicated that MDOT agrees with all 16 recommendations and has complied or will comply with them.

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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: www.state.mi.us/audgen/



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