Michigan

Office of the Auditor General

REPORT SUMMARY

Performance Audit

Use of Warranties

Michigan Department of Transportation

Report Number:
59-320-05

Released:
April 2006

The Michigan Department of Transportation's (MDOT's) mission is to provide the highest quality integrated transportation services for economic benefit and improved quality of life. MDOT began using warranties on pavement projects in 1996. One of the objectives of MDOT's pavement warranty program is to get a longer life from its pavements and reduce pavement failures and maintenance costs. As of May 2005, MDOT had 435 active road construction warranties and 102 active bridge painting warranties. The length of warranties varies from two to five years.

Audit Objective:
To assess the effectiveness of MDOT's efforts in evaluating whether warranties have improved the quality of pavement construction projects.

Audit Conclusion:
We concluded that MDOT's efforts were moderately effective in evaluating whether warranties have improved the quality of pavement construction projects.

Reportable Condition:
MDOT should continue its efforts to fully develop a continuous quality improvement (CQI) process for evaluating the effectiveness of its pavement warranty program (Finding 1).

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Audit Objective:
To assess the effectiveness of MDOT's efforts to ensure that warranty claims are made when appropriate.

Audit Conclusion:
We concluded that MDOT's efforts were moderately effective in ensuring that warranty claims are made when appropriate.

Reportable Conditions:
MDOT did not ensure that all warranted projects were entered into the Statewide Warranty Administrative Database (SWAD) and assigned an initial acceptance date (Finding 2).

MDOT did not maintain documentation to ensure that all warranty inspections were conducted or that contractors had performed corrective action on warranted projects (Finding 3).

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Agency Response:
Our audit report contains 3 findings and 3 corresponding recommendations. MDOT's preliminary response indicated that it concurs with all of our 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