



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

*Road and Bridge Construction Project
Monitoring*

Michigan Department of Transportation (MDOT)

Report Number:
591-0170-09

Released:
September 2010

MDOT is responsible for monitoring road and bridge construction projects. Construction project oversight, in part, consists of the verification and approval of contract work performed, materials used, and project payments. MDOT also monitors warranties applied to road and bridge construction projects. For the period October 1, 2006 through March 31, 2009, MDOT was responsible for 2,902 closed road and bridge construction projects costing \$3.2 billion. MDOT implemented the Statewide Warranty Administrative Database to track warranties and to identify warranties due for an inspection. As of June 1, 2009, MDOT had 665 active road and bridge warranties.

Audit Objective:

To assess the effectiveness of MDOT's efforts to ensure that road and bridge construction projects are monitored in accordance with selected State and federal requirements.

Audit Conclusion:

We concluded that MDOT's efforts to ensure that road and bridge construction projects are monitored in accordance with selected State and federal requirements were moderately effective. We noted five reportable conditions (Findings 1 through 5).

Reportable Conditions:

MDOT's control procedures did not ensure that required State Administrative Board (SAB) and State Transportation Commission (STC) approvals were obtained for all contract modifications that exceeded specified financial approval limits. Also, MDOT had not taken

the necessary actions to review and submit all prior contract modifications identified by MDOT's Office of Commission Audit to SAB and STC for approval. (Finding 1)

MDOT needs to improve its monitoring of consultants hired to perform engineering and project monitoring services on road and bridge construction projects (Finding 2).

MDOT did not complete final estimate reviews of all construction projects in accordance with established procedures (Finding 3).

MDOT needs to develop a centralized process for monitoring contractor claims processed by its transportation service centers and regional offices (Finding 4).

MDOT did not review and approve incentive payments in accordance with its procedures (Finding 5).

Noteworthy Accomplishments:

In 2006, MDOT's FieldManager Administration Team received the American Association of State Highway and Transportation Officials President's Transportation Award for the development and implementation of FieldManager system enhancements, which MDOT estimated saves \$4.8 million annually.

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Audit Objective:

To assess the effectiveness of MDOT's efforts to ensure that road and bridge construction materials testing is completed in accordance with selected State and federal requirements.

Audit Conclusion:

We concluded that MDOT's efforts to ensure that road and bridge construction materials testing is completed in accordance with selected State and federal requirements were effective. Our 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 to monitor its road and bridge construction project warranties.

Audit Conclusion:

We concluded that MDOT's efforts to monitor its road and bridge construction project warranties were moderately effective. We noted one reportable condition (Finding 6).

Reportable Condition:

MDOT did not ensure that all roads and bridges with warranties were timely inspected and that necessary corrective actions were performed and adequately documented (Finding 6).

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Agency Response:

Our audit report includes 6 findings and 7 corresponding recommendations. MDOT's preliminary response indicates that MDOT concurs and will comply with all of the 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>



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