



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

*Performance Audit*  
*Real Estate Division*  
*Bureau of Highway Development*  
*Michigan Department of Transportation*

Report Number:  
591-0172-10

Released:  
March 2011

*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. The Real Estate Division (RED) is one of two areas within the Bureau of Highway Development. It provides real estate services and right-of-way management, along with a variety of permit services, for all areas of MDOT, including 7 regional offices and 26 transportation service centers.*

***Audit Objective:***

To assess the effectiveness and efficiency of MDOT's efforts to ensure that the fee and permit processes result in safety and financial related outcomes that are in the best interest of the State.

***Audit Conclusion:***

We concluded that MDOT's efforts to ensure that the fee and permit processes result in safety and financial related outcomes that are in the best interest of the State were moderately effective and efficient. We noted three reportable conditions (Findings 1 through 3).

***Reportable Conditions:***

MDOT should review its fee structure for issuing transport permits to help ensure that fee revenues are sufficient to cover all related costs (Finding 1).

MDOT needs to improve its process for issuing transport permits for operating oversize and overweight vehicles and loads to minimize the safety and financial

risks related to Michigan trunklines (Finding 2).

MDOT did not ensure that staff entered complete and accurate information into the Construction Permit System, which is essential for timely billing, collection, and deposit of customer fees and monitoring of permit activity (Finding 3).

~ ~ ~ ~ ~

***Audit Objective:***

To assess the effectiveness and efficiency of MDOT's real estate management activities.

***Audit Conclusion:***

We concluded that MDOT's real estate management activities were effective and efficient. However, we noted two reportable conditions (Findings 4 and 5).

***Reportable Conditions:***

MDOT needs to improve its process for managing property that may no longer be needed for transportation projects (Finding 4).

MDOT did not ensure that it entered complete and accurate property acquisition information into the Real Estate Management Information System (Finding 5).

***Noteworthy Accomplishments:***

RED informed us that, because of limited resources, the Federal Highway Administration stopped conducting quality assurance reviews and asked RED whether it was interested in conducting its own reviews. After visiting another state's quality assurance section, RED developed and implemented the Quality Assurance and Quality Control (QA/QC) Program in 2002. The QA/QC Program reviews the various functions of the real estate process, which include right-of-way plans, appraisals, property acquisition, relocation, property management, right-of-way certification, and condemnations. A quality assurance

review field team, consisting of both RED and MDOT region staff, conducts on-site reviews in each of MDOT's seven regions, concentrating on the critical requirements of the various functions. After a site visit, RED staff prepare a written report, which is distributed to all of the other regions, identifying best practices that are observed and measuring continuous improvement of processes and procedures. The strength of the QA/QC Program is to share best practices and allow for continuous improvement of real estate processes.

~ ~ ~ ~ ~

***Agency Response:***

Our audit report includes 5 findings and 5 corresponding recommendations. MDOT's preliminary response indicates that it agrees with all of the recommendations and has complied or will comply with them.

~ ~ ~ ~ ~

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