



Performance Audit

Monitoring of Warranties and Road and Bridge Construction Projects Michigan Department of Transportation

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The Michigan Department of Transportation (MDOT) monitors warranties applied to road and bridge construction projects. MDOT uses the Statewide Warranty Administrative Database (SWAD) to track warranties and to identify warranties due for an inspection. As of April 16, 2014, MDOT had 481 active road and bridge warranties. MDOT also monitors 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. For the period October 1, 2011 through March 31, 2014, MDOT oversaw the completion of 1,340 road and bridge construction projects costing \$1.4 billion.

Audit Objective			Audit Conclusion
Objective 1: To assess the effectiveness of MDOT's efforts to monitor road and bridge construction project warranties.			Not effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDOT did not consistently ensure that contractors completed corrective action or completed it timely for warrantied projects identified as needing repairs. As a result, the responsibility for the cost of road repairs may shift from the contractor to the State (<u>Finding 1</u>).	X		Agrees
MDOT did not ensure that staff inspected or timely inspected all warrantied road and bridge construction projects. Also, MDOT did not maintain documentation to support initial acceptance of warrantied projects, interim and final inspections, and notifications to the contractor that the warranty period was complete. As a result, MDOT may not have the authority to require a contractor to perform corrective action, and the cost of repairing or replacing a road or bridge could lie with the State instead of the contractor (<u>Finding 2</u>).	X		Agrees
MDOT did not ensure the completeness and accuracy of the information recorded in SWAD. Relying on incomplete or inaccurate information can result in the State bearing the cost of repairing roads when they were damaged under warranty (<u>Finding 3</u>).	X		Agrees

Audit Objective			Audit Conclusion
Objective 2: To assess the effectiveness of MDOT's efforts to secure warranties for road and bridge construction projects.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable	Not applicable	Not applicable

Audit Objective			Audit Conclusion
Objective 3: To assess the effectiveness of MDOT's efforts to monitor road and bridge construction projects.			Effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDOT did not prepare interim and final consultant evaluations in accordance with established procedures. As a result, MDOT's Contract Services Division may not have accurate and up-to-date information regarding consultant performance for consideration on subsequent contracts (<u>Finding 4</u>).		X	Agrees

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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