

EXECUTIVE DIGEST

BUREAU OF TRANSPORTATION PLANNING

INTRODUCTION

This report contains the results of our performance audit of the Bureau of Transportation Planning (BTP), Michigan Department of Transportation (MDOT), for the period October 1, 1991 through June 30, 1994.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency.

BACKGROUND

MDOT's objective is to provide the people of Michigan with a safe, efficient, and environmentally sound total transportation system in the most cost-effective manner possible. BTP is responsible for MDOT's intermodal planning process. BTP's role is to develop and implement an ongoing transportation planning process which results in transportation system recommendations that support the basis for programming projects consistent with social, economic, and environmental goals. To accomplish its mission, BTP is organized into three divisions: Statewide

Transportation Planning, Project Planning, and Transportation Planning Services. As of June 30, 1994, BTP had 187 full-time employees. BTP expenditures totaled approximately \$14.3 million for the fiscal year ended September 30, 1993.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of BTP policies and procedures for developing the three-year State Transportation Improvement Program (STIP) in accordance with applicable State statutes, federal laws, and department policies and procedures.

Conclusion: We concluded that BTP policies and procedures were effective in ensuring that the STIP was developed in accordance with most State statutes, federal laws, and department policies and procedures. However, we noted that the STIP was not submitted for approval within the guidelines established by Sections 247.660E(8) and (9) of the *Michigan Compiled Laws* (Finding 1). We also noted that aspects of the STIP were not presented in a format that was easy to use and understand (Finding 2). In addition, BTP did not document revenue calculations or develop a method to ensure that grant estimates received from other sources which are presented in STIP revenue estimates are reasonable (Finding 3).

Noteworthy Accomplishments: BTP developed an STIP in 1992 and 1993 using guidelines of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), although the Federal Highway Administration only required BTP to develop an STIP biennially.

Audit Objective: To assess the effectiveness of BTP policies and procedures for assisting metropolitan planning organizations (MPO's) in the development of three-year Transportation Improvement Programs (TIP's) that are in compliance with applicable State statutes, federal laws, and department policies and procedures.

Conclusion: We concluded that BTP had sufficient policies and procedures to ensure that MPO's properly developed and submitted their TIP's. However, we noted that BTP had not developed a uniform format for MPO's to use in developing their TIP reports (Finding 4). We also noted that BTP did not ensure that TIP's were financially constrained by fiscal year (Finding 5).

Audit Objective: To assess the adequacy of BTP procedures for developing the 20-year State Long-Range Plan (SLRP) in accordance with applicable State statutes, federal laws, and department policies and procedures.

Conclusion: We concluded that BTP procedures were adequate to ensure that BTP developed the SLRP in accordance with applicable State statutes, federal laws, and department policies and procedures. However, BTP should include in the SLRP lists of specific projects planned for construction or development in non-metropolitan areas of the State (Finding 6).

Noteworthy Accomplishment: Although Federal Planning Regulations do not require MDOT to develop an SLRP until

January 1, 1995, BTP had made significant progress toward developing the SLRP at the time of our audit fieldwork in August 1994.

Audit Objective: To assess the adequacy of BTP's internal control structure to ensure that projects selected for construction were included within the STIP and TIP's.

Conclusion: We concluded that BTP's internal control structure did ensure that projects selected for construction were identified within the STIP and TIP's. However, we did note that MDOT did not update the Highway Planning and Project Development Manual (orange book) to incorporate policy changes caused by ISTEA regulations (Finding 7).

Audit Objective: To assess the effectiveness of BTP's revenue estimation process for planning future transportation needs.

Conclusion: We concluded that BTP's revenue estimation process was effective in forecasting revenue for planning purposes. However, BTP did not identify the source of State revenues necessary to match available federal revenue for fiscal year 1995-96 (Finding 8).

Noteworthy Accomplishments: BTP's estimates of State-generated revenue differed from actual totals by only 1% for fiscal years 1990-91 through 1992-93.

Audit Objective: To assess the effectiveness of BTP's data collection and modeling processes used in transportation planning.

Conclusion: We concluded that BTP's data collection and modeling processes provided effective, timely, and reliable information for the planning process. However, we did note that BTP's Electronic Services Unit did not document the transfer of equipment among district employees (Finding 9).

Audit Objective: To assess the effectiveness of BTP policies and procedures for selecting and monitoring consultants hired on a contractual basis to provide support services.

Conclusion: We concluded that BTP was effective in selecting consultants hired on a contractual basis. However, BTP did not perform progress evaluations of consultant performance (Finding 10).

Audit Objective: To assess whether BTP's organizational structure enables BTP to accomplish its goals and objectives in a cost-effective manner.

Conclusion: We concluded that BTP's organizational structure enabled BTP to accomplish its goals and objectives in a cost-effective manner. However, BTP did not use its Management Information System to accumulate labor hours and costs for BTP activities (Finding 11). In addition, MDOT did not establish a desired frequency for environmental audits of MDOT facilities (Finding 12).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Bureau of Transportation Planning for the period October 1, 1991 through June 30, 1994. Our audit

was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances. Our audit concentrated on reviewing processes, programs, and documents developed as a result of federal ISTEA regulations.

Our methodology included a review and evaluation of the policies and procedures used by BTP to develop the STIP, TIP's, and the SLRP. Also, we analyzed the collection, processing, and flow of information used to support the planning process.

Our audit procedures included making inquiries, observations, reviews of work flow charts, and tests of processes. We visited five MPO's to obtain an understanding of their planning processes and met with Federal Highway Administration officials to determine their relationship with BTP.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our report contains 12 findings and 13 recommendations. The department agreed with 10 recommendations, complied with 2 recommendations, and disagreed with 1 recommendation.

Our prior audit included 12 recommendations. BTP had complied with 6 of the recommendations, and 3 recommendations were consolidated into 1 recommendation which is repeated in this report. The remaining 3 prior audit recommendations were no longer applicable.