



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

August 12, 2011

Mr. John Nixon
State Budget Director
Department of Management and Budget
111 South Capitol, 6th Floor
Lansing, MI 48909

Dear Mr. Nixon:

In accordance with the State of Michigan, Financial Management Guide, Part VII, Chapter 4, Section 100, enclosed is a summary table identifying our responses and corrective action plan to address the recommendations in the Office of the Auditor General's Performance Audit of the Real Estate Division, Michigan Department of Transportation, covering the period of October 1, 2007 through August 31, 2010. The Office of Internal Audit, State Budget Office, approved distribution of the plan.

If you have any questions, please contact Matt DeLong, Real Estate Division Administrator, at 517-373-2200, or John T. Cotter, Commission Auditor, at 517-373-1500.

Sincerely,

Signature Redacted

A handwritten signature in black ink, appearing to be "KTS", written over a redacted signature line.

Kirk T. Steudle
Director

Enclosures

Performance Audit of the Real Estate Division
Michigan Department of Transportation
Summary of Agency Responses to Recommendations
October 1, 2007 through August 31, 2010

SUMMARY TABLE

1. **Audit Recommendations the agency has complied with:**
 3. CONSTRUCTION PERMIT SYSTEM (CPS)
 4. PROPERTY MANAGEMENT
 5. PROPERTY ACQUISITION INFORMATION

2. **Audit Recommendations the agency agrees with and will comply:**
 1. TRANSPORT PERMIT FEES
 2. BRIDGE HEIGHT AND WEIGHT LIMITATIONS

3. **Audit Recommendations the agency disagrees with:**
Not applicable.

Performance Audit of the Real Estate Division
Michigan Department of Transportation
Corrective Action Plan
October 1, 2007 through August 31, 2010

1. **Audit Recommendations the agency has complied with:**

FINDING

CONSTRUCTION PERMIT SYSTEM (CPS)

RECOMMENDATION

WE AGAIN RECOMMEND THAT MDOT ENSURE THAT STAFF ENTER COMPLETE AND ACCURATE INFORMATION INTO CPS, WHICH IS ESSENTIAL FOR TIMELY BILLING, COLLECTION, AND DEPOSIT OF CUSTOMER FEES AND MONITORING OF PERMIT ACTIVITY.

AGENCY RESPONSE

MDOT concurs with the recommendation. On January 3, 2011, MDOT implemented a new CPS. The new system is designed to provide enhanced data integrity and usability. In addition, system training and support programs were designed and implemented to minimize data irregularities.

FINDING

PROPERTY MANAGEMENT

RECOMMENDATION

We recommend that MDOT improve its process for managing property that may no longer be needed for transportation projects.

AGENCY RESPONSE

MDOT concurs with the recommendation. On March 31, 2011, an instructional memorandum was issued to all region agents regarding the necessity of data input into the department Real Estate Management Information System (REMIS). In addition, data input and excess property instructions are already a quality assurance review item during the region quality assurance meetings. There will also be periodic instructional e-mail communications issued to system users emphasizing the importance of timely, complete, and accurate data entry and information, and the need to identify properties that are candidates for disposal.

FINDING

PROPERTY ACQUISITION INFORMATION

RECOMMENDATION

WE AGAIN RECOMMEND THAT MDOT ENSURE THAT IT ENTERS COMPLETE AND ACCURATE PROPERTY ACQUISITION INFORMATION INTO REMIS.

AGENCY RESPONSE

MDOT concurs with the recommendation. On March 31, 2011, an instructional memorandum was issued to all region agents regarding the necessity of data input into the

department Real Estate Management Information System (REMIS). In addition, data input instructions are already a quality assurance review item during the region quality assurance meetings. There will be also be periodic instructional e-mail communications issued to system users emphasizing the importance of timely, complete, and accurate data entry and information.

2. **Audit Recommendations the agency agrees with and will comply:**

FINDING

TRANSPORT PERMIT FEES

RECOMMENDATION

We recommend that MDOT review its fee structure for issuing transport permits to help ensure that fee revenues are sufficient to cover all related costs.

AGENCY RESPONSE

MDOT concurs with the recommendation. MDOT agrees transport permit fees should cover administrative costs to issue permits, and MDOT will again consider increasing permit fees in accordance with the provisions of the State statute. MDOT also agrees that costs for damage to roads and bridges caused by overweight trucks should be considered as part of an overall strategy for funding transportation in Michigan. Initially, the department planned to review the existing permit fee cost structure and make an assessment by July 1, 2011, as to whether an increase in permit fees should take place. However, due to the significant number of retirements, staff reductions, and reorganization efforts, the department's review and assessment of the existing permit fee cost structure and increase in permit fees will take place by September 1, 2011.

FINDING

BRIDGE HEIGHT AND WEIGHT LIMITATIONS

RECOMMENDATION

We recommend that MDOT 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.

AGENCY RESPONSE

MDOT concurs with the recommendation. On November 1, 2010, MDOT implemented regular checks on the maps and data being utilized in the permit issuance process to ensure the most current data is utilized. Also, MDOT has determined that the least liability to the State comes from requiring the permit applicant, as a condition of a permit, to verify bridge heights, signal heights, wire heights, and all other vertical obstructions for clearance prior to the movement of the load. However, in April 2011, MDOT implemented a new Web-based computer application system called Michigan Transport Routing and Internet Permitting (MiTRIP). This new system will replace the Michigan Permitting and Routing System (MiPARS). Although this was not the originally intended purpose of the new

system, within six months of MiTRIP being put into production, MDOT will conduct a review of the new system capabilities for storing and reporting bridge height data, the accuracy and reliability of bridge height data available, and MDOT will also discuss with the Department of Attorney the legal ramifications and any potential increases in liability to determine if the comparison of applicants' combined vehicle and load heights to bridge heights should become part of the permit issuance process.

3. **Audit Recommendations the agency disagrees with:**
Not applicable.