



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

February 1, 2018

Mr. Richard Lowe, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol Avenue, Sixth Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan Financial Management Guide, Part VII, following is a summary table identifying our response and a corrective action plan. These address the recommendations contained within the Office of Auditor General's performance audit report of the Real Estate Services Section, Michigan Department of Transportation (MDOT), covering the period of October 1, 2014 through April 30, 2017 (Project 591-0172-17). The Office of Internal Audit Services, Office of the State Budget, approved distribution of the plan.

Questions regarding the summary table or corrective action plan should be directed to either Matthew W. DeLong, Administrator, Development Services Division, at 517-373-2200 or Jack Cotter, CPA, CGMA, Commission Auditor, at 517-373-1500.

Sincerely,

Signature Redacted

Kirk T. Steudle
Director

Enclosures

cc: Executive Office
Office of the Auditor General
Senate Fiscal Agency
Senate Transportation Appropriations Subcommittee
Senate Transportation Standing Committee
House Fiscal Agency
House Transportation Appropriations Subcommittee
House Transportation Standing Committee
State Transportation Commission Chair
Office of Commission Audits

Michigan Department of Transportation
Summary Table of Agency Responses to Recommendations
Audit Period October 1, 2014 through April 30, 2017

A. Audit recommendations the agency has complied with:

Finding 2

B. Audit recommendations the agency agrees with and will comply:

Findings 1, 3, 4, and 5.

C. Audit recommendations the agency partially agrees with:

None.

Michigan Department of Transportation
Corrective Action Plan
Audit Period October 1, 2014 through April 30, 2017

A. **Audit recommendations the agency has complied with:**

FINDING

2. **MDOT did not perform annual Quality Assurance (QA) field reviews at the region offices to ensure consistency and compliance in following state and federal laws and real estate practices, policies, and procedures.**

AUDIT RECOMMENDATION

We recommend that MDOT resume its annual QA field reviews at the regions offices to ensure consistency and compliance in following state and federal laws and real estate practices, policies, and procedures.

AGENCY RESPONSE

MDOT has resumed QA reviews with the 2017 review being completed in October 2017. 2018 QA reviews will be scheduled with each Region by March 31, 2018.

B. **Audit recommendations the agency agrees with and will comply:**

FINDING

1. **MDOT did not ensure the completeness and accuracy of Right of Way (ROW) certifications, reducing MDOT's assurance that it has appropriate access rights to property, in accordance with federal laws and regulations.**

AUDIT RECOMMENDATION

We recommend that MDOT ensure the completeness and accuracy of ROW certifications.

AGENCY RESPONSE

MDOT has tasked the Real Estate Alignment Team with developing a new process for ensuring the accuracy and completeness of Right of Way Certifications. MDOT expects that the team will develop and implement a new process by July 1, 2018. In the interim, two individuals from the Central Office (the Property Analyst assigned to ROW Certifications and the Real Estate Section Manager) will review the certifications with Region Staff to ensure accuracy.

FINDING

3. **MDOT should improve its process for identifying unsold property no longer needed for transportation projects.**

AUDIT RECOMMENDATION

We again recommend that MDOT improve its process for identifying unsold property no longer needed for transportation projects.

Michigan Department of Transportation
Corrective Action Plan (continued)
Audit Period October 1, 2014 through April 30, 2017

AGENCY RESPONSE

MDOT has approved the development of a replacement for the REMIS/ReSaLe System. The replacement system will include functionality to identify relevant aspects of unsold property, including whether it has or should be reviewed and whether it is on hold. MDOT expects implementation of the new system in 24-36 months. Please note that development or purchase of such systems can be difficult to predict. As such, the timeline provided may be adjusted appropriately as the project progresses. It has been noted that a majority of current unsold properties are of minimal value. Until the new system is operational, MDOT will continue to assess and make available lands by request, and on a case-by-case basis. Programmatic manual reviews of existing data would not be economically feasible. For new projects, we will evaluate excess property to determine the feasibility of sale for and proceed accordingly.

FINDING

- 4. MDOT did not consistently input complete property acquisition information into REMIS, reducing the effectiveness and reliability of REMIS as a real estate management tool.**

AUDIT RECOMMENDATION

We again recommend that MDOT consistently input all property acquisition information into REMIS to maximize its effectiveness and reliability as a real estate management tool.

AGENCY RESPONSE

MDOT has tasked the Real Estate Alignment Team with developing necessary training for Central Office and Region staff on the importance of updating information in REMIS. This training should be developed by July 1, 2018. Additionally, the 2018 QA reviews will include specific checks on compliance with data entry requirements.

FINDING

- 5. MDOT did not fully establish access controls over REMIS and ReSaLe, increasing the risk of unauthorized access to data.**

AUDIT RECOMMENDATION

We recommend that MDOT fully establish access controls over REMIS and ReSaLe.

AGENCY RESPONSE

MDOT will manually review access to REMIS/ReSaLe on a quarterly basis. The REMIS/ReSaLe replacement system will have functionality built into the system to automatically generate reports on access and permission that have been granted making the process much more streamlined easier to track. MDOT expects the new system to be implemented in 24-36 months. Please note that development or purchase of such

Michigan Department of Transportation
Corrective Action Plan (continued)
Audit Period October 1, 2014 through April 30, 2017

systems can be difficult to predict. As such, the timeline provided may be adjusted appropriately as the project progresses.

C. Audit recommendations the agency partially agrees with:

None.