



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

February 5, 2019

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 responses and a corrective action plan. This addresses the recommendations contained within the Office of Auditor General's performance audit report of the Maintenance Services Section, Michigan Department of Transportation, covering the period of October 1, 2015, through March 31, 2018 (Project 591-0160-18). 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 Kim Avery, P.E., Bureau Director, Bureau of Field Services at 517-636-6342, or Jack Cotter, CPA, CGMA, Commission Auditor, at 517-373-1500.


Sincerely,

Signature Redacted

 Paul C. Ajegba, P.E.
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, 2015, through March 31, 2018

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

None.

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

Findings 1, 2, and 3.

C. **Audit recommendations the agency partially agrees with:**

None.

Michigan Department of Transportation
Summary Table of Agency Responses to Recommendations
Audit Period October 1, 2015, through March 31, 2018

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

None.

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

AUDIT FINDING

1. **MDOT did not develop and implement a process to review the appropriateness of “canceled – no response – facility” damage claim assignments to help ensure that MDOT maximizes the recovery of repair costs for damage to State property.**

RECOMMENDATION

We recommend that MDOT develop and implement a process to review the appropriateness of canceled – no response – facility damage claim assignments to help ensure that MDOT maximizes the recovery of repair costs for damage to State property.

AGENCY RESPONSE

MDOT agrees with the recommendation and will pursue system enhancements through DTMB so that MDOT can implement a process to review the appropriateness of “canceled – no response – facility” damage claim assignments.

Also, as part of a future risk-based approach to resolving damage recoveries, MDOT will analyze the cost effectiveness of enhancing recovery efforts. There are instances where a) the administrative costs to recover damages exceed damage costs and b) the probability of cost recovery is low, especially for instances where the driver was uninsured. Additionally, there will be costs to improve and maintain applicable information technology systems.

AUDIT FINDING

2. **MDOT did not establish effective controls over the processing of damage claims to recover costs incurred to repair damage to State property.**

RECOMMENDATION

We recommend that MDOT establish controls over the processing of damage claims to recover costs incurred to repair damage to State property.

AGENCY RESPONSE

MDOT generally agrees with the recommendations.

- a. As of October 1, 2018, MDOT began recording a note within MiCars in the description field of the invoice noting the date each reminder letter is sent for both insured and uninsured claims.

Michigan Department of Transportation
Summary Table of Agency Responses to Recommendations
Audit Period October 1, 2015, through March 31, 2018

- b. On October 1, 2018, MDOT created a tracking tool for all invoices referred to the Office of Attorney General (AG).
- c. MDOT will review its procedures to determine if it will be cost effective to pursue the collection of uninsured invoices through the expiration of the three-year statute of limitations.
- d.
 - 1) MDOT will modify its process for providing billing information to its Financial Operations Division through the Property Damage Reclamation Process (PDRP) to help ensure that the AG receives all invoices in a timely manner.
 - 2) MDOT will work with the AG's office to help ensure that all available documentation is provided to them.
 - 3) As of October 1, 2018, MDOT updated its procedures to help ensure that MDOT informed the AG's office of all written-off claims.
 - 4) As of October 1, 2018, MDOT updated its procedures and maintains with the AG a shared tracking tool that contains all payments that MDOT has received for invoices referred to the AG.

AUDIT FINDING

- 3. MDOT, in conjunction with the Department of Technology, Management, and Budget (DTMB), did not fully establish access controls over PDRP, diminishing MDOT's assurance that accident damage claims were properly processed.**

RECOMMENDATION

We recommend that MDOT, in conjunction with DTMB, fully establish access controls over PDRP.

AGENCY RESPONSE

MDOT agrees with the recommendation.

MDOT will work with DTMB to establish access controls over PDRP.

C. Audit recommendations the agency partially agrees with:

None.