



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

May 19, 2022

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, the Michigan Department of Transportation is providing its corrective action plan in response to the Office of Auditor General's performance audit report of the Negotiation of Consultant Contracts, Michigan Department of Transportation, covering the period of October 1, 2017, through May 1, 2020 (Project 591-0211-20). The Office of Internal Audit Services, Office of the State Budget, has approved distribution of the plan.

Questions regarding the summary table or corrective action plan should be directed to either Patrick McCarthy, Director, Bureau of Finance and Administration, at 517-719-4432, Brad Wieferich, Director, Bureau of Development, at 517-712-0368, or Jack Cotter, CPA, CGMA, Commission Auditor, at 517-897-1658.

Sincerely,

on behalf of
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 Response to Recommendation
Audit Period October 1, 2017, through May 1, 2020

A. Audit recommendations the agency has complied with:

None.

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

Finding 1.

C. Audit recommendations the agency disagrees with:

None.

Michigan Department of Transportation
Summary Table of Agency Response to Recommendation
Audit Period October 1, 2017, through May 1, 2020

A. Audit recommendation the agency has complied with:

None.

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

AUDIT FINDING

1. MDOT needs to continue to improve its efforts to establish independent cost estimates and negotiate consultant contracts.

RECOMMENDATION

We recommend that MDOT continue to improve its efforts for establishing estimates and negotiating consultant contracts.

AGENCY RESPONSE

MDOT agrees with the recommendation and has been working with the Federal Highway Administration to develop an improved independent estimating process with the appropriate breakdown of work or labor hours, types of classification of labor, direct costs, and consultant's fixed fee, to serve as a basis for negotiations with the most highly qualified consultant.

MDOT expects to complete these improvements by October 1, 2022.

C. Audit recommendations the agency disagrees with:

AUDIT FINDING

None.