

Office of the Auditor General  
Preliminary Survey Summary

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**State Trunkline Bid Letting and Contracting**  
Michigan Department of Transportation

November 2024

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State of Michigan Auditor General  
Doug A. Ringler, CPA, CIA

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The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.



# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

November 27, 2024

Michael D. Hayes, Chair  
State Transportation Commission  
and  
Bradley C. Wieferich, PE, Director  
Michigan Department of Transportation  
Murray D. Van Wagoner Building  
Lansing, Michigan

Chair Hayes and Director Wieferich:

This is our preliminary survey summary of State Trunkline Bid Letting and Contracting, Michigan Department of Transportation. Because we did not identify significant concerns to warrant additional use of our audit resources, we decided to terminate this performance audit.

We appreciate the courtesy and cooperation extended to us during our preliminary survey. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler  
Auditor General



# PRELIMINARY SURVEY SUMMARY

## STATE TRUNKLINE BID LETTING AND CONTRACTING

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### RESULTS

Our preliminary survey did not identify significant concerns to warrant additional use of our audit resources to complete a performance audit. Therefore, we terminated this project and did not conduct sufficient testing to conclude on the State Trunkline Bid Letting and Contracting's overall effectiveness and efficiency.

### FACTORS IMPACTING AUDIT TERMINATION

- We reviewed 10 prequalified contractors and determined:
  - All prequalification renewal applications were submitted timely or the contractor requested an extension.
  - MDOT appropriately calculated the contractor's financial rating based on the contractor's submitted financial statements.
  - Contractors provided all required information, such as evidence of available equipment, key qualified personnel, company experience, and notary public signatures.
- We reviewed 10 quality assurance (QA) project reviews and determined:
  - As required, MDOT acquired State Administrative Board approval for projects greater than \$500,000.
  - QA reviewed the reasonableness of the engineer's project estimate.
  - All projects had completed certification and acceptance forms.
  - Milestone checklists were completed prior to the project bid letting date.
- We reviewed 10 project advertisements and determined:
  - All bidders were eligible to participate in the Federal-Aid Highway Program.
  - As applicable, required funding obligations were obtained from the Federal Highway Administration (FHWA).
  - All projects were advertised at least three weeks prior to the bid letting date.

- Project proposals contained all federally required provisions.
- We reviewed 10 project bid lettings and determined:
  - Contractors timely submitted the appropriate forms to be eligible to bid on a project.
  - Contractors' financial ratings were greater than what the project required.
  - All contractors were prequalified to bid on the work classification detailed in the project proposal.
  - MDOT reviewed all bids for mathematical accuracy, including minimum and maximum rates.
  - MDOT subjected all applicable bids to an unbalanced bid analysis and review.
  - Contractors with the lowest bid won the contract awards.
- We reviewed 10 project awards and determined:
  - MDOT completed project award checklists and sent the award letter to the winning contractor.
  - Contractors submitted required documentation prior to signing the contract.
  - Contractor's authorized individual(s) signed the contract.
  - Winning contractors completed at least 35% of the project.
  - MDOT approved all project subcontractors.
- We reviewed the Disadvantaged Business Enterprise (DBE) process and insurance for 10 projects and determined:
  - Contractors obtained the DBE goals set for each project and timely provided the proper documentation for all projects with a DBE requirement.
  - Contractors submitted DBE-required percentages or a good faith effort was shown for each project.
  - MDOT certified all contracted DBE firms.
  - MDOT received the contractor's proper insurance, bond, and warranty information.

- We reviewed contractor payments for 10 projects and determined:
  - Dollar values of the contractor's pay estimates matched the dollar value of the contractor's payments in the Statewide Integrated Governmental Management Applications (SIGMA) State's accounting records.
  - Each payment request had the appropriate MDOT project manager and finance approvals.
  - As applicable, all final payments included an attestation stating all project subcontractors were paid.
- We reviewed 156 contracts completed between October 1, 2022 and June 30, 2024 and compared the contract award amounts plus contract modifications (increases in the contract amount) with the total payments. We did not identify any unexplained variances in which the cumulative payments were greater than the contract amount.

## BACKGROUND

**Description:** MDOT Design Division's QA Section receives proposals for State trunkline projects submitted by the project managers from MDOT's seven regional offices and bureaus (see Exhibits 2A and 2B). The QA Section is responsible for reviewing the engineer's estimate and project specifications, determining the contract classification for advertising, and submitting project funding requests to FHWA.

The Contract Services Division's (CSD's) Construction Contracting Section administers MDOT's construction contract process (see Exhibit 3) which includes:

- Prequalifying contractors seeking to bid and/or perform work on MDOT projects.
- Verifying the construction contract classifications (specific type of work needed to complete the contract) prior to advertising.
- Advertising the project information online for bid letting.
- Awarding contracts to the determined low bidder which includes prepping the award and acceptance reports.

MDOT administers five contract types (see Exhibit 1) which include the:

- Road and Bridge contracts for roadway reconstruction, bridge replacement, and roadway and bridge rehabilitation projects.

- Maintenance contracts for heavy maintenance and capital preventative maintenance (CPM) projects. These projects include cost-effective treatments to existing roads and bridges which preserve or improve the condition without increasing structural capacity. CPM projects include treatments such as crack sealing, thin asphalt overlays, concrete patching, joint replacement, deck patching, and beam painting.
- Traffic and Safety contracts for safety improvements, median barriers, rumble strips, traffic signals, pavement markings, and signs as part of MDOT's Safety Program.
- Mackinac Bridge Authority contracts specifically for the maintenance and improvement projects of the Mackinac Bridge.
- Real Estate contracts for demolitions and clearance associated with MDOT's right-of-way.

**Expenditures:** Between October 1, 2022 and July 31, 2024, MDOT awarded 423 State trunkline construction projects totaling \$2.9 billion.

**Employees:** As of July 25, 2024, MDOT Design Division's QA Section had 23 full-time employees and 1 student assistant. As of July 11, 2024, MDOT's CSD Section had 13 full-time employees.

## SCOPE

Our preliminary survey generally covered October 1, 2022 through July 31, 2024 and included a limited review of the following State Trunkline Bid Letting and Contracting activities:

- Prequalification of contractors
- Quality assurance
- Advertisement
- Bid letting
- Contract awards
- DBE and insurance
- Contractor payments

## PURPOSE

Within a performance audit, we design the preliminary survey to obtain an understanding of the core activities within an entity or a program and to identify potential program improvements and/or deficiencies that could impair management's ability to conduct its operations in an effective and efficient manner. If the results of a preliminary survey do not identify significant



concerns, our practice is to terminate the planned performance audit.

Preliminary survey procedures are limited in nature and should not be considered a completed performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our preliminary survey procedures would not necessarily disclose the presence or absence of any material conditions and/or reportable conditions. Given the procedures we employed did not constitute a performance audit, we will not issue a performance audit report and we do not express conclusions regarding the State Trunkline Bid Letting and Contracting's effectiveness or efficiency.



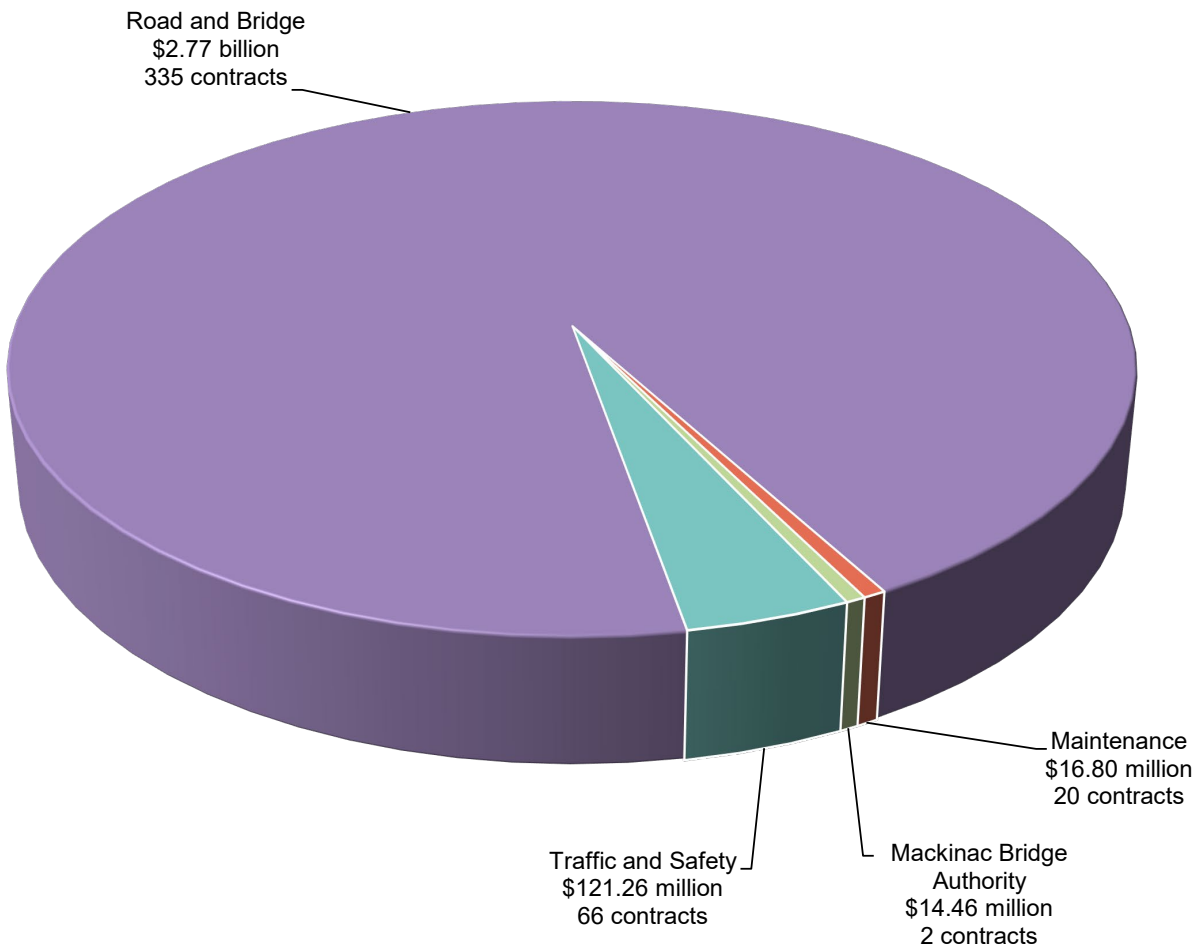
## SUPPLEMENTAL INFORMATION

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UNAUDITED  
Exhibit 1

### STATE TRUNKLINE BID LETTING AND CONTRACTING Michigan Department of Transportation

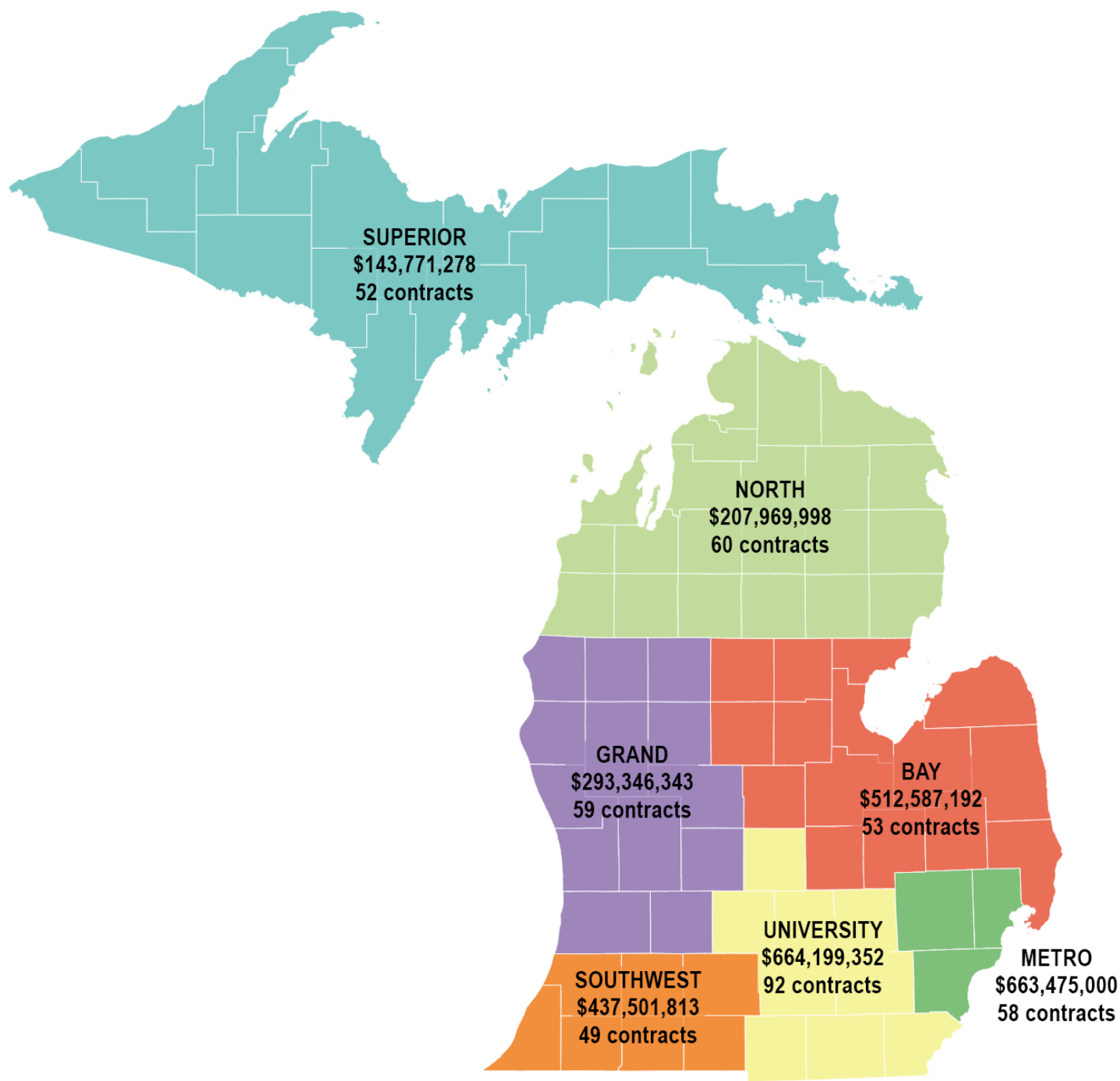
Types of Trunkline Contracts Awarded  
From October 1, 2022 Through July 31, 2024



Source: The OAG prepared this exhibit based on data provided by MDOT.

STATE TRUNKLINE BID LETTING AND CONTRACTING  
Michigan Department of Transportation

Map of Regional Service Areas  
From October 1, 2022 Through July 31, 2024



Source: The OAG prepared this exhibit based on data provided by MDOT.

**STATE TRUNKLINE BID LETTING AND CONTRACTING**  
Michigan Department of Transportation

Contract Award Amounts and Count by County  
From October 1, 2022 Through July 31, 2024

| Region/County     | Total Amount<br>of Contracts | Number<br>of Contracts |
|-------------------|------------------------------|------------------------|
| <b>Bay Region</b> |                              |                        |
| Arenac            | \$ 6,455,449                 | 1                      |
| Bay               | 162,866,491                  | 7                      |
| Clare             | 2,869,371                    | 2                      |
| Genesee           | 151,378,034                  | 11                     |
| Gladwin           | 27,282,749                   | 4                      |
| Gratiot           | 37,401,445                   | 3                      |
| Huron             | 10,446,094                   | 3                      |
| Isabella          | 27,261,100                   | 3                      |
| Lapeer            | 9,884,191                    | 2                      |
| Midland           | 1,524,896                    | 2                      |
| Saginaw           | 10,854,008                   | 6                      |
| Sanilac           | 26,959,680                   | 2                      |
| Shiawassee        | 4,969,260                    | 2                      |
| St. Clair         | 32,434,424                   | 5                      |
| Tuscola           | 0                            | 0                      |
| <b>Total</b>      | <b>\$ 512,587,192</b>        | <b>53</b>              |

|                     |                       |           |
|---------------------|-----------------------|-----------|
| <b>Grand Region</b> |                       |           |
| Allegan             | \$ 23,047,654         | 7         |
| Barry               | 5,640,374             | 4         |
| Ionia               | 79,329,206            | 1         |
| Kent                | 114,042,552           | 18        |
| Lake                | 1,100,781             | 2         |
| Mason               | 3,834,224             | 4         |
| Mecosta             | 8,599,297             | 4         |
| Montcalm            | 8,332,100             | 4         |
| Muskegon            | 12,427,359            | 3         |
| Newaygo             | 0                     | 0         |
| Oceana              | 1,561,238             | 1         |
| Osceola             | 7,770,178             | 4         |
| Ottawa              | 27,661,379            | 7         |
| <b>Total</b>        | <b>\$ 293,346,343</b> | <b>59</b> |

|                     |                       |           |
|---------------------|-----------------------|-----------|
| <b>Metro Region</b> |                       |           |
| Macomb              | \$ 57,602,488         | 6         |
| Oakland             | 190,143,270           | 11        |
| Wayne               | 415,729,241           | 41        |
| <b>Total</b>        | <b>\$ 663,475,000</b> | <b>58</b> |

| Region/County       | Total Amount<br>of Contracts | Number<br>of Contracts |
|---------------------|------------------------------|------------------------|
| <b>North Region</b> |                              |                        |
| Alcona              | \$ 6,661,976                 | 2                      |
| Alpena              | 5,250,240                    | 2                      |
| Antrim              | 3,222,042                    | 2                      |
| Benzie              | 1,434,953                    | 1                      |
| Charlevoix          | 1,348,443                    | 1                      |
| Cheboygan           | 46,271,482                   | 8                      |
| Crawford            | 8,496,612                    | 5                      |
| Emmet               | 21,181,587                   | 6                      |
| Grand Traverse      | 35,967,802                   | 6                      |
| Iosco               | 1,025,236                    | 2                      |
| Kalkaska            | 715,367                      | 2                      |
| Leelanau            | 1,759,671                    | 1                      |
| Manistee            | 12,801,700                   | 1                      |
| Missaukee           | 6,091,287                    | 3                      |
| Montmorency         | 1,547,170                    | 2                      |
| Ogemaw              | 14,331,463                   | 1                      |
| Oscoda              | 0                            | 0                      |
| Otsego              | 21,025,714                   | 3                      |
| Presque Isle        | 922,971                      | 2                      |
| Roscommon           | 13,501,547                   | 5                      |
| Wexford             | 4,412,734                    | 5                      |
| <b>Total</b>        | <b>\$ 207,969,998</b>        | <b>60</b>              |

|                         |                       |           |
|-------------------------|-----------------------|-----------|
| <b>Southwest Region</b> |                       |           |
| Berrien                 | \$ 287,828,773        | 15        |
| Branch                  | 2,573,214             | 2         |
| Calhoun                 | 16,494,524            | 9         |
| Cass                    | 14,000,770            | 8         |
| Kalamazoo               | 33,820,008            | 8         |
| St. Joseph              | 53,325,301            | 2         |
| Van Buren               | 29,459,223            | 5         |
| <b>Total</b>            | <b>\$ 437,501,813</b> | <b>49</b> |

| Region/County          | Total Amount<br>of Contracts | Number<br>of Contracts |
|------------------------|------------------------------|------------------------|
| <b>Superior Region</b> |                              |                        |
| Alger                  | \$ 1,451,617                 | 2                      |
| Baraga                 | 0                            | 0                      |
| Chippewa               | 20,927,849                   | 8                      |
| Delta                  | 10,805,947                   | 5                      |
| Dickinson              | 8,772,684                    | 3                      |
| Gogebic                | 11,086,798                   | 2                      |
| Houghton               | 5,196,950                    | 3                      |
| Iron                   | 449,589                      | 1                      |
| Keweenaw               | 2,858,306                    | 1                      |
| Luce                   | 1,298,415                    | 1                      |
| Mackinac               | 26,121,951                   | 10                     |
| Marquette              | 15,975,266                   | 7                      |
| Menominee              | 3,228,496                    | 1                      |
| Ontonagon              | 22,879,888                   | 5                      |
| Schoolcraft            | 1,058,523                    | 2                      |
| Various*               | 11,659,000                   | 1                      |
| <b>Total</b>           | <b>\$ 143,771,278</b>        | <b>52</b>              |

|                          |                       |           |
|--------------------------|-----------------------|-----------|
| <b>University Region</b> |                       |           |
| Clinton                  | \$ 11,742,182         | 6         |
| Eaton                    | 10,669,821            | 10        |
| Hillsdale                | 4,682,912             | 5         |
| Ingham                   | 258,371,965           | 9         |
| Jackson                  | 18,316,252            | 12        |
| Lenawee                  | 51,345,874            | 9         |
| Livingston               | 220,029,656           | 12        |
| Monroe                   | 28,081,454            | 11        |
| Washtenaw                | 60,959,237            | 18        |
| <b>Total</b>             | <b>\$ 664,199,352</b> | <b>92</b> |

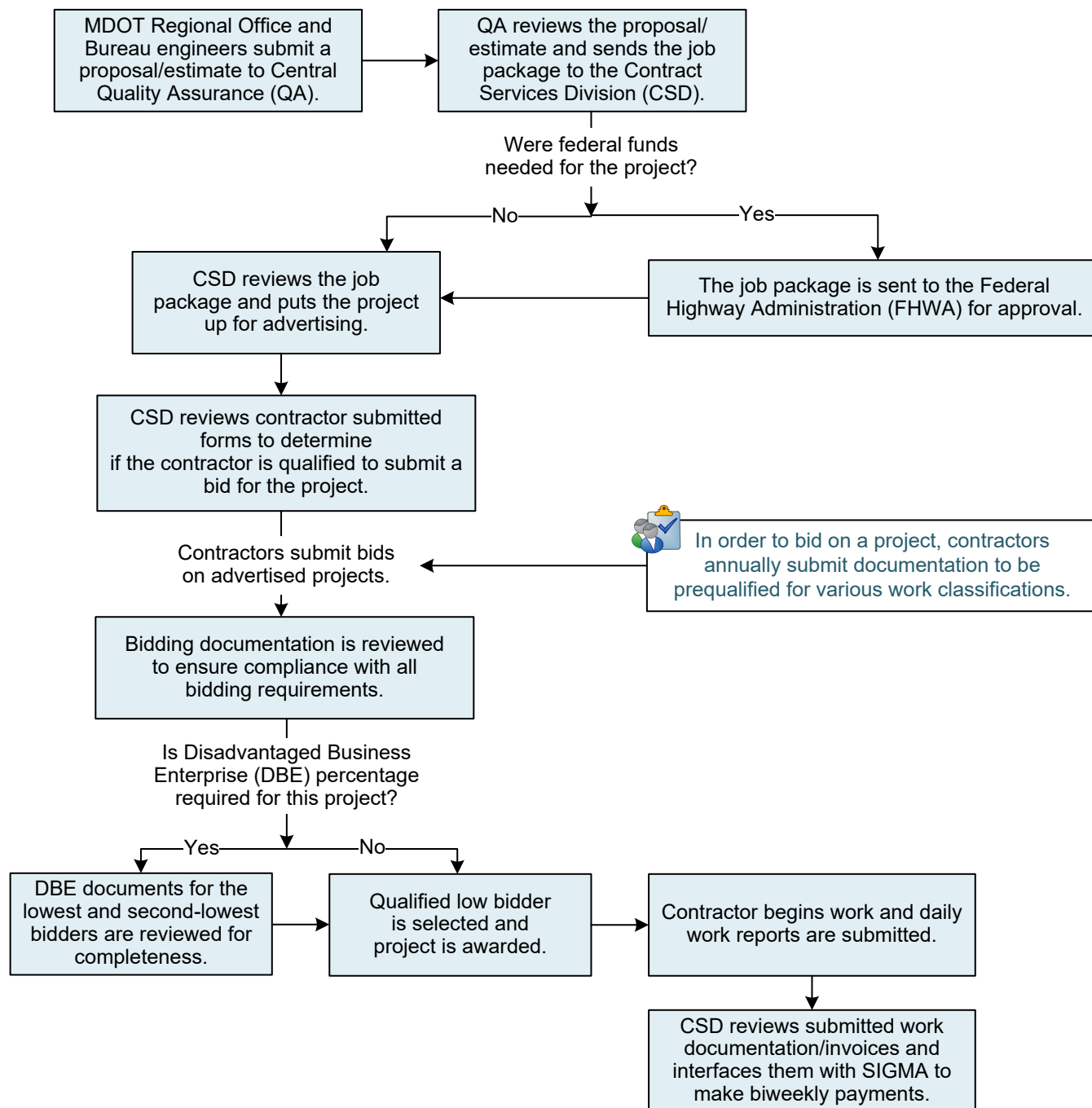
|                          |                         |            |
|--------------------------|-------------------------|------------|
| <b>Total all regions</b> | <b>\$ 2,922,850,975</b> | <b>423</b> |
|--------------------------|-------------------------|------------|

\* "Various" under the Superior Region covers a contract which included Benzie, Luce, Marquette, Missaukee, and Presque Isle Counties.

Source: The OAG prepared this exhibit based on data provided by MDOT.

STATE TRUNKLINE BID LETTING AND CONTRACTING  
Michigan Department of Transportation

Contract Bid Letting Process Flow Chart  
From October 1, 2022 Through July 31, 2024



Source: The OAG created this flow chart based on MDOT's Construction Prequalification Administrative Rules and the MDOT Standard Specifications for Construction.





**Report Fraud/Waste/Abuse**

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