

Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

**Contractor and Consultant Performance
Evaluation Process**

Michigan Department of Transportation

June 2026

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

Article IV, Section 53 of the Michigan Constitution



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Report Summary

*Follow-Up Report
Contractor and Consultant Performance
Evaluation Process
Michigan Department of Transportation
(MDOT)*

**Report Number:
591-0425-22F**

**Released:
June 2026**

We conducted this follow-up to determine whether MDOT had taken appropriate corrective measures in response to the material condition noted in our March 2023 audit report.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
Finding 1 - Material condition Timeliness of consultant evaluations needs improvement. Agency agreed.	Substantially complied		Not applicable.

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June 25, 2026

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

Chair Salisbury and Director Wieferich:

This is our follow-up report on the material condition (Finding 1) and corresponding recommendations reported in the performance audit of the Contractor and Consultant Performance Evaluation Process, Michigan Department of Transportation. That audit report was issued and distributed in March 2023. Additional copies are available on request or at audgen.michigan.gov.

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

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, flowing style.

Doug Ringler
Auditor General

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INTRODUCTION, PURPOSE OF FOLLOW-UP, AND PROCESS DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the material condition* (Finding 1) and corresponding recommendations reported in our performance audit* of the Contractor* and Consultant* Performance Evaluation Process, Michigan Department of Transportation (MDOT), issued in March 2023.

PURPOSE OF FOLLOW-UP

To determine whether MDOT had taken appropriate corrective measures to address our corresponding recommendations.

PROCESS DESCRIPTION

The purpose of MDOT's consultant performance evaluation process is to:

- Provide consultants documented feedback on their performance on MDOT projects.
- Promote project management and consultant communications.
- Identify and document areas of potential improvements of consultant performance.
- Obtain consultant performance ratings for use in future project selections.

The evaluation process is monitored by MDOT's Contract Services Division (CSD). CSD's responsibilities include administering the contracting processes for construction contracts, consultant engineering services contracts, and contracts utilizing the Department of Technology, Management, and Budget procurement guidelines, such as routine maintenance, mowing, and janitorial services. These processes include contractor and consultant prequalification, contract advertisement, contract award, contract payment, contract monitoring, and bid letting*.

Title 23, Part 172 of the *Code of Federal Regulations** (CFR) requires engineering and design-related service contracts to be selected through one of three methods: Competitive negotiation or qualifications-based selection* (QBS) procurement, small purchases procurement, or noncompetitive procurement. Federal regulation 23 CFR 172.7(a)(1) includes past performance as a factor in determining consultants who demonstrated competence and qualifications for QBS contracts. The performance evaluation should include, but not be limited to, an assessment of the timely completion of work, adherence to contract scope and budget, and quality of the work conducted.

* See glossary at end of report for definition.

Between January 1, 2024 and January 31, 2026, there were 757 completed prime consultant* contracts totaling \$589 million.

* See glossary at end of report for definition.

PRIOR AUDIT FINDING AND RECOMMENDATIONS, AGENCY PLAN TO COMPLY, AND FOLLOW-UP CONCLUSION

FINDING 1

Audit Finding Classification: Material condition.

Summary of the March 2023 Finding:

MDOT did not always prepare or prepare in a timely manner the required post-project evaluations of consultant performance. In addition, MDOT did not define a required time frame for completing evaluations, which could result in untimely evaluations.

Our analysis of closed consultant contracts disclosed MDOT project managers* did not:

- a. Prepare a performance evaluation for 375 (16.6%) of 2,259 consultants. These evaluations were outstanding between 120 days and 5.3 years.
- b. Promptly prepare 956 (50.7%) of 1,884 consultant performance evaluations. These evaluations were prepared between 91 days and 3.9 years after contract completion*.

We identified requirements used by other states ranging from 30 to 90 days after the completion of work, the project managers' acceptance of the work, or the end of the contract for project managers to prepare evaluations.

Recommendations Reported in March 2023:

We recommended MDOT prepare the required consultant performance evaluations in a timely manner.

We also recommended MDOT define due dates for completion of evaluations.

AGENCY PLAN TO COMPLY*

MDOT's November 6, 2023 final corrective action plan indicated it updated its procedures to include defining due dates to ensure timely preparation of consultant performance evaluations. MDOT indicated it completed the finalization and implementation of those procedures in March 2023.

FOLLOW-UP CONCLUSION

Substantially complied.

MDOT's updated procedures require project managers to prepare consultant performance evaluations within 60 days after contract completion. MDOT's updated procedures also require CSD to distribute reports on a monthly and quarterly basis identifying

* See glossary at end of report for definition.

contracts in which the required performance evaluations have not been prepared.

We analyzed 1,500 consultant contracts (both prime and sub-consultants*) expired between January 2024 and January 2026 and the associated consultant performance evaluations prepared. We noted MDOT significantly improved its timeliness in preparing consultant evaluations.

Specifically, of the 1,500 contracts analyzed, we determined MDOT project managers:

- a. Prepared 1,407 (99.9%) of 1,408 expected consultant evaluations. For the one completed contract without a consultant evaluation, the MDOT project manager had prepared an interim evaluation but not a final evaluation due to oversight.
- b. Prepared 1,267 (90%) of 1,407 consultant performance evaluations before or within 90 days, including 1,112 (79%) before or within 60 days after contract completion. Project managers sometimes perform evaluations before contract completion dates when consultants have performed all or substantially all of their services. MDOT project managers prepared the remaining 140 (10%) within 270 days after contract completion.

In the original audit, we noted MDOT project managers prepared 50.7% of its consultant evaluations between 91 days and 3.9 years and had only completed 34.7% of its evaluations within 270 days after contract completion.

* See glossary at end of report for definition.

FOLLOW-UP METHODOLOGY AND PERIOD

METHODOLOGY

We conducted interviews with CSD management; reviewed MDOT's corrective action plan, related policies, and procedures; reviewed applicable federal regulations; and reviewed documentation and data related to consultant evaluations. Specifically, we:

- Interviewed CSD management to obtain an understanding of CSD's policies and procedures to:
 - Establish due dates and monitor the completion of consultant evaluations.
 - Identify applicable federal regulations.
- Randomly selected 5 of 1,407 completed consultant performance evaluations and reviewed documentation to determine if MDOT project managers had fully completed them.
- Analyzed 1,408 expired consultant contracts to determine if MDOT project managers completed performance evaluations in a timely manner and in accordance with procedures.
- Randomly selected 5 of 296 consultant evaluations not completed within 60 days of contract completion to determine if CSD included them in the monthly and quarterly monitoring reports.

PERIOD

Our follow-up generally covered activities from January 2024 through January 2026.

GLOSSARY OF ABBREVIATIONS AND TERMS

agency plan to comply	The response required by Section 18.1462 of the <i>Michigan Compiled Laws</i> for an audited agency to develop a plan to comply with Office of the Auditor General audit recommendations and submit the plan to the State Budget Office (SBO) upon audit completion. The State of Michigan Financial Management Guide (Part VII, Chapter 3, Section 100) requires the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to the Office of Internal Audit Services (OIAS), SBO. Within 30 days of receipt, OIAS will either accept the plan as final or contact the agency to take additional steps to finalize the plan.
bid letting	The process of advertising projects open for bids, contractors submitting bids, and MDOT reviewing contractors who submitted bids.
<i>Code of Federal Regulations (CFR)</i>	The codification of the general and permanent rules published by the departments and agencies of the federal government.
consultant	Individual or legal entity contracting with MDOT to perform consultant services.
contract completion	A term synonymous with contract expiration.
contractor	Individual or legal entity contracting with MDOT to perform prescribed construction work and supply materials.
CSD	Contract Services Division.
material condition	A matter, in the auditor's judgment, which is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDOT	Michigan Department of Transportation.
performance audit	An audit which provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist

management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

- prime consultant** A primary individual or a primary legal entity consulting with MDOT to perform prescribed work and supply materials.
- project manager** The person responsible for leading a consultant project from its inception to execution, including the completion of consultant performance evaluations.
- qualifications-based selection (QBS)** A procurement process for the competitive selection of services under which the most competent consultant or vendor is selected based on qualifications such as knowledge, skill, experience, and other project-specific factors.
- sub-consultant** An individual or entity performing services under a contract with a prime consultant.



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