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Office of the Auditor General

Report Summary

Performance Audit

Small Business (SB) and Disadvantaged Business Enterprise (DBE) Programs Office of Business Development (OBD) Michigan Department of Transportation (MDOT)

Report Number:
591-0352-25

Released:
September 2026

The SB and DBE programs operate under the federal requirements in Title 49, Part 26 of the Code of Federal Regulations to ensure small and disadvantaged businesses have opportunities to participate in federally funded and MDOT-let projects. The programs strive to increase the number of competitively awarded contracts and promote the use of small and socially and economically disadvantaged businesses in MDOT contract opportunities. The programs are administered by MDOT's OBD, which expended \$3.8 and \$3.2 million in fiscal years 2024 and 2025, respectively. OBD had 22 full-time employees and 2 student assistants as of July 2025.

Audit Objective			Conclusion
Objective 1: To assess the <u>effectiveness</u> of OBD's administration of the Small Business Program and <u>Disadvantaged Business Enterprise</u> Program.			Moderately effective
Findings Related to This Audit Objective	<u>Material Condition</u>	<u>Reportable Condition</u>	Agency Preliminary Response
Commercially Useful Function (CUF) forms, which ensure DBE compliance with program requirements, were completed more than 60 days after MDOT's inspection date, averaging 283 days late, and 3 (8%) were signed and dated after we requested the forms. Also, 16 (43%) were signed 17 to 678 days after the project completion date (<u>Finding 1</u>).		X	Partially agrees
Annual conflict of interest disclosure forms were not completed for 95% of the OBD staff during the audit period. These disclosures help ensure OBD employees are not biased, in fact or appearance, when determining eligibility or recertifying SB and DBEs to work on MDOT projects (<u>Finding 2</u>).		X	Disagrees

Audit Objective			Conclusion
Objective 2: To assess the effectiveness of selected OBD access controls over the Michigan Unified Certification Program (MUCP) system.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MUCP access was not automatically disabled after 60 days of inactivity for 24 (50%) of 48 internal user accounts and 1,181 (58%) of 2,031 nonorganizational user accounts (<u>Finding 3</u>).		X	Partially agrees

Audit Objective			Conclusion
Objective 3: To assess OBD's compliance with selected Small Business and Disadvantaged Business Enterprise programs certification requirements.			Complied
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		

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Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, Michigan 48913

Doug A. Ringler, CPA, CIA
Auditor General

Laura J. Hirst, CPA
Deputy Auditor General