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Office of the Auditor General

Report Summary

Performance Audit

Transport, Construction, Billboard, and Junkyard Permitting Activities

Michigan Department of Transportation (MDOT)

Report Number:
591-0171-14

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The Utility Coordination and Permit Section and transportation service centers (TSCs) issue and monitor transport, construction, billboard, and junkyard permits. The Section issues permits associated with oversize and/or overweight commercial vehicles and/or loads, regulates billboards, and is responsible for permitting and monitoring junkyards. The TSCs approve the routes that superloads are to travel and review, approve, and issue permits for construction activities.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of MDOT's efforts to ensure that fees associated with the issuance and monitoring of permits recover related costs.			Effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Between October 1, 2011 and September 30, 2013, costs to issue and monitor construction permits exceeded revenues generated by \$5.4 million (an average of \$535 per permit processed) (<u>Finding #1</u>).		X	Disagrees
Observation Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Transport permit fees for the movement of oversize and/or overweight vehicles have not been revised in over 17 years and are lower than several surrounding states. State statute allows MDOT to recover only the administrative cost of issuing the transport permit for these vehicles (<u>Observation#1</u>).	Not applicable	Not applicable	Disagrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of MDOT's efforts to issue permits.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDOT should establish a comprehensive performance measurement process to evaluate its construction permitting operations. Such a process could assist MDOT with improving operational effectiveness (<u>Finding #2</u>).		X	Agrees
MDOT did not consistently comply with its procedures for issuing transport and construction permits. MDOT could not ensure that all permits were appropriate and contained the required guarantees and insurance (<u>Finding #3</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of MDOT's efforts to oversee permit-related compliance activities.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDOT did not document that it effectively monitored approved and closed State highway right-of-way permits. For fiscal years 2012 and 2013, MDOT could not ensure that 62.5% of permits were issued appropriately, 60.3% of permits were approved and closed, or that 37.5% of projects received a final inspection (<u>Finding #4</u>).		X	Agrees
MDOT did not document that it consistently pursued corrective action related to illegal billboards. Owners of illegal billboards could have displayed their advertisements for extended periods of time (<u>Finding #5</u>).		X	Agrees
MDOT did not actively administer a statutorily required junkyard program. MDOT had not inspected or inventoried the State's junkyards in 29 years. MDOT neither knew how many junkyards existed nor knew if all existing junkyards complied with statutory requirements (<u>Finding #6</u>).		X	Agrees

Audit Objective			Conclusion
Objective #4: To assess the effectiveness of MDOT's efforts to control access to and monitor usage of the computer systems used to process permitting activities.			Moderately effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDOT needs improved controls over the Michigan Transport Routing and Internet Permitting System (MiTrip) and Construction Permit System (CPS) to help prevent and detect inappropriate access and help ensure the integrity of data. Seven individuals, who did not have work responsibilities related to MDOT, had access to these resources (<u>Finding#7</u>).		X	Disagrees