



# OAG

Office of the Auditor General

## Report Summary

### Performance Audit

### Office of Rail

### Michigan Department of Transportation

Report Number:  
591-0195-14

Released:  
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The Office of Rail is responsible for 665 miles of State-owned rail lines. The State Rail Plan calls for the Office of Rail to provide a rail system that offers enhanced mobility for travelers and the efficient movement of goods while supporting economic development and environmental sustainability. The Office of Rail works to maintain and upgrade rail lines, to promote economic development on rail corridors, and to enforce safety regulations at railroad crossings. Since the start of calendar year 2011, passenger rail service in Michigan has averaged 790,000 rail passengers each year.

Audit Objective			Audit Conclusion
Objective 1: To assess the effectiveness of the Office of Rail's efforts to facilitate enhanced mobility for rail passengers and the efficient movement of goods within Michigan's rail system.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Office of Rail expended \$9.5 million to lease and refurbish commuter rail cab and coach cars that it neither owns nor expects to use until at least 2017. In addition, the Office of Rail will be responsible for projected leasing costs of \$2.8 million, plus \$3.7 million in potential renovation costs for 14 coach cars. As a result, the Office of Rail did not effectively and efficiently oversee the lease and refurbishment of cab and coach cars designated for two commuter rail projects ( <a href="#">Finding 1</a> ).	X		Agrees
The Office of Rail had not established a comprehensive performance measurement process to evaluate and improve the effectiveness of its operations. The broad range and importance of the Office of Rail's responsibilities and the Michigan Department of Transportation's (MDOT's) 20-year commitment of \$500 million to a high-speed rail program make it imperative that the Office of Rail establish a performance measurement process for evaluating its efforts ( <a href="#">Finding 2</a> ).		X	Agrees

Audit Objective			Audit Conclusion
Objective 2: To assess the effectiveness of the Office of Rail's efforts to monitor contractors' performance related to the delivery of passenger rail service and the upgrade of passenger rail lines.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Office of Rail did not properly identify all capital and maintenance expenditures related to the Dearborn to Kalamazoo: Service Development Program ( <u>Finding 3</u> ).		X	Agrees
The Office of Rail did not request federal funds on a timely basis for expenditures related to federal awards ( <u>Finding 4</u> ).		X	Agrees

Audit Objective			Audit Conclusion
Objective 3: To assess the effectiveness and efficiency of the Office of Rail's efforts to ensure the safety of grade crossings within Michigan's rail system.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Office of Rail did not have a formal process to ensure timely routine maintenance inspections of all public at-grade highway railroad crossings ( <u>Finding 5</u> ).		X	Agrees
The Office of Rail did not have a process to verify the timely correction of maintenance deficiencies identified at public at-grade highway railroad crossings ( <u>Finding 6</u> ).		X	Agrees
The Office of Rail did not have a database system with the ability to generate all relevant railroad crossing inspection information necessary for the Rail Safety Section. Also, the Office of Rail did not ensure that its database system had proper access controls over user activity ( <u>Finding 7</u> ).		X	Agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>

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