

## EXECUTIVE DIGEST

### REAL ESTATE DIVISION

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**INTRODUCTION** This report, issued in March 1997, contains the results of our performance audit of the Real Estate Division, Bureau of Highway Technical Services, Michigan Department of Transportation.

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**AUDIT PURPOSE** This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness\* and efficiency\*.

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**BACKGROUND** The Michigan Department of Transportation (MDOT) was organized under Sections 16.450 - 16.458 of the *Michigan Compiled Laws* (Sections 350 - 358, Act 380, P.A. 1965). MDOT is governed by the State Transportation Commission. The Commission consists of six members who are appointed by the Governor with the advice and consent of the Senate.

The Commission is responsible for establishing policies. MDOT is managed by a director, appointed by the Governor,

who is responsible for administering MDOT and implementing the policies established by the Commission.

The Division's mission\* is to provide real estate services to MDOT at all decision making steps; from project planning and development through construction and maintenance.

As of September 30, 1996, the Division had 117 employees. For fiscal year 1995-96, the Division's operating expenditures totaled approximately \$5.9 million.

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**AUDIT OBJECTIVES,  
CONCLUSIONS, AND  
NOTEWORTHY  
ACCOMPLISHMENTS**

**Audit Objective:** To assess the Division's effectiveness and efficiency related to project development, appraising and acquiring right-of-ways, and managing and disposing of excess property.

**Conclusion:** The Division was generally effective and efficient in project development, appraising and acquiring right-of-ways, and managing and disposing of excess property. However, we noted a reportable condition\* pertaining to parcel status data (Finding 1).

**Noteworthy Accomplishments:** The Division developed performance standards\* during the audit period for each of its four sections. As data is accumulated, the Division will be able to measure outcomes\*, enabling the Division to determine where it can become more effective and efficient.

**Audit Objective:** To assess the Division's compliance with applicable statutes, the *Michigan Administrative Code*, the Department

of Management and Budget Administrative Guide, and federal and departmental policies and procedures.

**Conclusion:** The Division was generally in compliance with applicable statutes, the *Michigan Administrative Code*, the Department of Management and Budget Administrative Guide, and federal and departmental procedures. However, we noted reportable conditions pertaining to the completion of property acquisition negotiations, rental property delinquency reports, building and fixture closing documents, and property parcel follow-up procedures (Findings 2 through 5).

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**AUDIT SCOPE  
AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of the Real Estate Division. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and other such auditing procedures as we considered necessary in the circumstances.

Our audit methodology included examinations of the program and other records of the Real Estate Division for the period October 1, 1994 through September 30, 1996. To accomplish our first objective, we interviewed Division personnel and conducted a preliminary survey to identify areas in which to test the Division's effectiveness and efficiency.

To accomplish our second objective, we reviewed State and federal statutes, the *Michigan Administrative Code*, the Department of Management and Budget Administrative Guide, and federal

and departmental procedures. We reviewed the Division's operations for compliance with these laws, the *Michigan Administrative Code*, and federal and departmental procedures.

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**AGENCY**

Our audit report includes five findings and recommendations.

**RESPONSES**

The Division's preliminary response stated that it agreed with the recommendations.

**AND PRIOR AUDIT**

**FOLLOW-UP**

The Division complied with 11 of our 12 prior audit recommendations. We repeated 1 prior audit recommendation in this report.