



OFFICE OF STATE AID ROAD CONSTRUCTION

MISSISSIPPI DEPARTMENT OF TRANSPORTATION
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SINGLE AUDIT FINDINGS

Stacey E. Pickering, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

March 23, 2011

Dear Mr. Pickering:

This letter is in response to the Single Audit Management Report dated March 17, 2011 regarding the June 30, 2010 audit of the Office of State Aid Road Construction. We respectfully submit our response and corrective action plan for the finding listed below.

AUDIT FINDINGS:

Davis-Bacon Act

Significant Deficiency
Immaterial Noncompliance

<u>CFDA Number</u>	<u>Program Name</u>
20.205	Highway Planning and Construction
20.205	ARRA – Highway Planning and Construction

<u>Finding Number</u>	<u>Finding Recommendation</u>
10-10	Controls over Davis-Bacon Act Requirements Should Be Strengthened

RESPONSE:

The OSARC designated reviewer responsible for the payroll reports in question was temporarily assigned to this function. This individual was trained on Davis-Bacon Act requirements and compliance, however, had no experience in this area. Failure to thoroughly adhere to compliance guidelines as instructed resulted in the identified errors.

The Office of State Aid Road Construction concurs with the Office of the State Auditor's finding and recommendations regarding controls over Davis-Bacon Act requirements.

CORRECTIVE ACTION PLAN:

a.

1. The function of designated reviewer has been reassigned to an employee with extensive knowledge and experience regarding Davis-Bacon Act requirements.
2. Responsible staff attended a NHI training course on Contract Administration and Davis-Bacon compliance requirements.
3. Management held a meeting with responsible staff to discuss ways to strengthen controls over Davis-Bacon Act requirements.
4. A Davis-Bacon Act requirement checklist will be implemented in the weekly payroll review process.
5. The errors noted by the auditors are being investigated to ensure that the prevailing wage rates are properly remitted.

b. Persons responsible for the corrective action plan:

1. Dan Jordan – Director of Administrative Services
2. John Bond – Director of Contract Administration
3. Kimberly Peyton – Designated Reviewer
4. Sandy Mohr – Final Reviewer

c. Steps 1, 2, and 3 above have been completed as of the date of this letter. Steps 4 and 5 are anticipated to be completed by April 30, 2011.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Brooks Miller, Sr.", with a stylized, cursive script.

J. Brooks Miller, Sr.
State Aid Engineer