



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
**STATE AUDITOR**

February 24, 2021

**Financial Audit Management Report**

Melinda McGrath, Executive Director  
Mississippi Department of Transportation  
P. O. Box 1850  
Jackson, MS 39215

Dear Ms. McGrath:

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Mississippi Department of Transportation for the fiscal year ended June 30, 2020. These financial statements are consolidated into the State of Mississippi's *Comprehensive Annual Financial Report*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Office of the State Auditor's staff members participating in this engagement included Michael Torres, CPA; John T. Newell, CPA; Vincent Steiner; Lee Pittman, CPA; Na Venator, CPA; Veronica Ratliff; and Joshua Kastner.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

**Internal Control over Financial Reporting**

In planning and performing our audit of selected accounts included on the financial statements, we considered the Mississippi Department of Transportation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on these accounts, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Mississippi Department of Transportation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Mississippi Department of Transportation are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Mississippi Department of Transportation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mississippi Department of Transportation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Transportation throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive, flowing style.

Stephanie C. Palmertree, CPA, CGMA  
Director, Financial and Compliance Audit



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
STATE AUDITOR**

June 14, 2021

**Single Audit Management Report**

Jeff Altman, Acting Executive Director, P.E.  
Mississippi Department of Transportation  
P.O. Box 1850  
Jackson, MS 39215

Dear Mr. Altman:

Enclosed for your review is the single audit findings for the Mississippi Department of Transportation for Fiscal Year 2020. In these findings, the Auditor's Office recommends the Mississippi Department of Transportation:

Single Audit Findings:

1. Strengthen Controls to Ensure Compliance with Wage Rate Requirements; and
2. Strengthen Controls to Ensure Compliance with the Subrecipient Monitoring Requirements.

Other Audit Finding:

3. Strengthen Controls Over Special Test Requirements Related to the Quality Assurance Program.

Please review the recommendations and submit a plan to implement them by June 21, 2020. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance on each major federal program and the results of that testing based on the requirements of Office of Management and Budget's Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Mississippi Department of Transportation  
June 14, 2021  
Page 2

I hope you find our recommendations enable the Mississippi Department of Transportation to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Transportation. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive style with a large, stylized 'S' and a clear, legible 'Palmertree'.

Stephanie C. Palmertree, CPA, CGMA  
Director, Financial and Compliance Audit Division  
Enclosures

## **SINGLE AUDIT FINDINGS**

In conjunction with our audit of federal assistance received by the State of Mississippi, the Office of the State Auditor has completed its audit of the State's major federal programs administered by the Mississippi Department of Transportation for the year ended June 30, 2020. The Office of the State Auditor's staff members participating in this engagement included Angela Mire, CPA, John Newell, CPA, Lee Pittman, CPA, Vincent Steiner, Veronica Ratliff and Josh Kastner.

Our procedures and tests cannot and do not provide absolute assurance that all federal legal requirements have been met. In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

### **Report on Compliance for Each Major Federal Program**

We have audited the Mississippi Department of Transportation's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Uniform Guidance Compliance Supplement* that could have a direct and material effect on the federal programs selected for audit that are administered by the Mississippi Department of Transportation for the year ended June 30, 2020.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the State of Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and OMB *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mississippi Department of Transportation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. However, our audit does not provide a legal determination of the Mississippi Department of Transportation's compliance.

### **Results of Compliance Audit Procedures**

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Uniform Guidance* and which are identified in this letter as items **2020-034** and **2020-035**.

### **Internal Control over Compliance**

Management of the Mississippi Department of Transportation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mississippi Department of Transportation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal controls over compliance in accordance with OMB

*Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mississippi Department of Transportation's internal control over compliance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency identified in this letter as item **2020-034** to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider item **2020-035** to be a significant deficiency.

In addition, we noted another deficiency in internal control over compliance that requires the attention of management that we have reported as an "Other Audit Finding," as item **OTH-20-06**.

### **Findings and Recommendations**

#### **SECIAL TEST & PROVISIONS – WAGE RATE**

##### ***Material Weakness***

##### ***Material Noncompliance***

**2020-034**                      Strengthen Controls to Ensure Compliance with Wage Rate Requirements.

**CFDA Number**            20.205 – Highway Planning and Construction

**Federal Award No.**      All Current Active Grants

**Federal Agency**        United States Department of Transportation

**Pass-through Entity**    N/A

**Questioned Costs**       N/A

**Criteria**                      *Code of Federal Regulations (29 CFR § 3.3(b) Labor)* requires each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by part 3 and part 5 of this title during the preceding weekly payroll period. This statement shall be executed by the contractor or subcontractor or by an authorized officer or employee of the contractor or subcontractor who supervises the payment of wages, and shall be on the back of Form WH 347, "Payroll (For Contractors Optional Use)" or on any form with identical wording.

*Code of Federal Regulations (29 CFR § 3.4(a) Labor)* requires each weekly statement required under §3.3 shall be delivered by the contractor or subcontractor, within seven days after the regular payment date of the payroll period, to a representative of a Federal or State agency in charge at the site of the building or work, or, if there is no representative of a Federal or State agency at the site of the building or work, the statement shall be mailed by the contractor or subcontractor, within such time, to a Federal or State agency contracting for or financing the building or work.

<b>Condition</b>	<p>Mississippi Department of Transportation (MDOT) is not requiring contractors or subcontractors to submit within seven days after the regular payment date of the payroll period a statement with respect to the wages paid to each of its employees engaged in federal projects.</p> <p>During review of 40 payroll submissions, we identified 32 instances in which payrolls were submitted to MDOT's Project Office after the seven-day submission requirement. Nineteen instances were submitted 14 days after noted payroll week ending date. The latest submission was noted to be 32 days after contractor's payroll week ending date.</p>
<b>Cause</b>	MDOT's current standard practice of requiring payroll submissions to be current by the first week of monthly estimates allows contractor submissions to be later than the seven-day submission requirement.
<b>Effect</b>	Failure to review contractor or subcontractor submitted payroll forms timely may result in improper payment of wage rates, work performed, and/or abuse of federal funds.
<b>Recommendation</b>	We recommend the Mississippi Department of Transportation strengthen controls to ensure compliance with federal wage rate requirements.
<b>Repeat Finding</b>	Yes, 2019-021.
<b>Statistically Valid</b>	No.

---

## SUBRECIPIENT MONITORING

### *Significant Deficiency* *Immaterial Noncompliance*

<b>2020-035</b>	<u>Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.</u>
<b>CFDA Number</b>	20.205 – Highway Planning and Construction
<b>Federal Award No.</b>	All Current Active Grants
<b>Federal Agency</b>	United State Department of Transportation
<b>Pass-through Entity</b>	N/A

**Questioned Costs** N/A

**Criteria** *Code of Federal Regulations (2 CFR §200.331(f))* states all pass-through entities (PTE's) must verify that every subrecipient is audited as required by Subpart F - Audit Requirements when it is expected that the subrecipient's Federal awards expended during the fiscal year equaled or exceeded the threshold—a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted—set forth in § 200.501 *Audit requirements*.

*Code of Federal Regulations (2 CFR § 200.512(a)(1))* states the audit must be completed and the data collection form and reporting package must be submitted within the **earlier of** 30 calendar days after receipt of the auditor's report(s), **or** nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

*Code of Federal Regulations (2 CFR § 200.512(a)(2)(b))* states the Federal Audit Clearinghouse (FAC) is the repository of record for Subpart F – Audit Requirements reporting packages and the data collection form. All Federal agencies, pass-through entities and others interested in a reporting package and data collection form must obtain it by accessing the FAC.

As required by the Mississippi Department of Transportation's (MDOT) *Project Development Manual* (PDM) for Local Public Agencies (LPA) Section 1.2, "... the MDOT must ensure that the LPA meets the audit requirements of Subpart F of the uniform guidance... The uniform guidance requires that if the LPA expends \$750,000 or more in federal funds during its fiscal year, the LPA must have a single audit performed in accordance with the uniform guidance. If the LPA meets this requirement, a request for the submission of the audit report will be made by the MDOT. The due date of submission for the audit report to the MDOT is within the earlier of 30 days after receipt of the CPA's audit report or nine months after the end of the audit period (the LPA's fiscal year)."

Per MDOT's 2019 Corrective Action Plan, MDOT is utilizing a single audit certification letter to monitor the LPA audit reports for the year ended September 30, 2018. The single audit certification letter will document if an LPA is required to have a federal audit.

**Condition** MDOT is not verifying that every subrecipient that expends \$750,000 or more in federal awards during the respective fiscal year is having a single audit or program specific audit performed.

During review of LPAs receiving federal funds from MDOT for 2018 federal year, we noted the following:

- Twelve instances in which MDOT did not send LPAs required certification letter to determine if subrecipient expended \$750,000 or more in federal funds for 2018 federal year; and
- Three instances in which MDOT did not verify LPAs with no response from MDOT's certification letter were exempt or required to have a federal audit for 2018 federal year.



<b>Cause</b>	MDOT is currently not reviewing Mississippi universities and community colleges due to inclusion with Mississippi Institute of Higher Learning or Mississippi Community College Board. MDOT was not performing efficient procedures to verify LPAs were exempt from required federal audits when receiving no response to MDOT's certification letter.
<b>Effect</b>	Subrecipients could be in noncompliance with 2 <i>CFR</i> § 200.501, Audit requirements, and go undetected by MDOT. In addition, MDOT could lose federal funding for not properly monitoring their subrecipients. Without proper monitoring of their federal reports, subrecipients may participate in unallowable activities that go undetected by MDOT, the grantor.
<b>Recommendation</b>	We recommend that the Mississippi Department of Transportation strengthen controls to ensure compliance with the Subrecipient Monitoring requirements.
<b>Repeat Finding</b>	Yes, 2019-020.
<b>Statistically Valid</b>	No.

---

#### SECIAL TEST & PROVISIONS – QUALITY ASSURANCE PROGRAM

##### *Control Deficiency*

**OTH-20-06**      Strengthen Controls Over Special Test Requirements Related to the Quality Assurance Program.

**CFDA Number**      20.205 – Highway Planning and Construction

**Federal Award No.**      All Current Active Grants

**Federal Agency**      United States Department of Transportation

**Pass-through Entity**      N/A

**Questioned Costs**      N/A

**Criteria**      The *Code of Federal Regulations (23 CFR § 637.205(a) Quality assurance program)* requires each State Transportation Department shall develop a quality assurance program which will assure that the materials and workmanship incorporated into each Federal-aid highway construction project on the National Highway System are in conformity with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in § 637.207 and be approved by the Federal Highway Administration.

MDOT's S.O.P. No.: TMD-06-02-00-000 states, "Shortly after a contract is generated within SiteManager, the IA Section Chief will generate an IA Sampling Checklist in accordance with TMD-06-01-00-000. This checklist shall be used by the IA Sampler to estimate the minimum number and type of samples required for the project. Under certain circumstances, the State Materials Engineer may modify the IA Sampling Checklist to assure proper coverage of the

overall Independent Assurance Program. Supplemental Agreements may require that an updated IA Sampling Checklist be generated by the IA Section Chief.

The IA Sampler shall make every effort to obtain the required samples and perform the required tests according to the IA Sampling Checklist. To accomplish the goals of the Independent Assurance Program, communication between the IA Section Chief, IA Sampler, and MDOT District Personnel is critical.”

MDOT’s sampling personnel are to follow the schedule set for sample size, frequency of sampling and the designation of responsibility for sampling and testing set by MDOT’s S.O.P. No.: TMD-06-02-00-000.

Per discussion with MDOT’s Internal Assurance Sampling and Testing Branch Manager (IAS TBM), once a project is closed the IAS TBM prints the required IA Sampling Checklist and verifies minimum quantities of samples were tested for the closed project. The IAS TBM verifies minimum quantities required were met by printing and signing the IA Sampling Checklist for the closed project.

**Condition**

MDOT is not conducting the minimum sampling rates required for materials or operations denoted in the QA program.

In addition, the Independence Assurance Sampling Checklist is not being properly verified by MDOT personnel after the close of federal projects requiring IA sampling. The Sampling Checklist is used to document the minimum required samples were met for the materials or operations used for the project.

During review of 50 QA sample records, we identified the following:

- Two instances in which sample rates did not meet minimum sampling guidelines;
- Five instances in which the Independence Assurance Sampling Checklist was not properly signed by the Independence Assurance Sampling Branch Director. Instances noted occurred between two, out of 34, projects closed during 2020 financial year; and
- One instance in which a sampled material was not properly included on the applicable Independence Assurance Sampling Checklist.

**Cause**

MDOT staff failed to follow the policies and procedures related to the sampling rates of materials used in federal projects.

**Effect**

If the minimum sampling rate is not met as required per IA policies and procedures, material differences resulting in unfavorable outcomes may occur. Additionally, failure to verify minimum sampling rates were achieved during federal projects may result in material differences resulting in unfavorable outcomes.

**Recommendation**

We recommend MDOT strengthen controls over their Quality Assurance Independence Assurance sampling rates. Further, we recommend MDOT strengthen controls to ensure closed federal projects have Independence Assurance Sampling Checklists verified shortly after completion.

**Repeat Finding**            No.

**Statistically Valid**        No.

**End of Report**

**Jeffrey C. Altman**  
Acting Executive Director

P. O. Box 1850  
Jackson, MS 39215-1850  
Telephone (601) 359-7249  
FAX (601) 359-7050  
GoMDOT.com



**Brian D. Ratliff**  
Deputy Executive Director/Chief Engineer  
**Lisa M. Hancock**  
Deputy Executive Director/Administration  
**Willie Huff**  
Director, Office of Enforcement  
**Charles R. Carr**  
Director, Office of Intermodal Planning

## **SINGLE AUDIT FINDINGS**

June 29, 2021

Shad White, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. White:

We have received the Single Audit Management Report and the following details our response to the Audit Findings for fiscal year 2020:

### **AUDIT FINDINGS:**

#### **CFDA**

**Number**        **20.205 – Highway Planning and Construction**

#### **Compliance**

**Requirement** **Special Test & Provisions – Wage Rate**

**2020-034**        **Controls Should Be Strengthened to Ensure Compliance with Wage Rate Requirements**

**Response:**     MDOT does not concur with this finding.

While MDOT's Contract Administration Division (CAD) does not have control when the contractors or subcontractors submit their weekly statement(s), Contract Administration Division does have control over the issuance of warrants to contractors. Contract Administration Division has complied with its previous 2019 corrective action plan to ensure no estimate is processed for payment with delinquent payrolls outstanding. See the 2020 corrective action plan below.

### **Corrective Action Plan:**

- A. Contract Administration Division is preparing two (2) flyers outlining the requirements for timely payroll submissions to the department. One flyer will be sent to all Prime Contractors with their executed contracts, reminding them of their contractual requirements to timely submit payrolls each week (no later than seven (7) days from the end of each payroll period). It will also  
***Transportation: The Driving Force of a Strong Economy***

remind Prime Contractors that they are responsible for the timely submission of all payrolls from their subcontractors as well.

The second flyer will be sent to all Project Engineers with each project they are assigned. It will remind them of their responsibility to require the Prime Contractors to submit their weekly payrolls in a timely manner (no later than seven (7) days from the end of each payroll period) and to keep their project records up to date.

In addition, the CAD Contract Compliance Officer will include the following statement in correspondence with the Project Engineers and/or their payroll designees when contacting MDOT staff regarding payrolls.

*As required in Section 110 of the Standard Specifications and the FHWA-1273, Prime Contractors are required to submit their weekly payrolls to you weekly (no later than seven (7) days) from the end of each payroll period. The Prime Contractor is responsible for the timely submission of all payrolls by its subcontractors. If the Prime Contractor is not in compliance with these requirements, please notify them in writing that they are out of compliance with the state specifications and federal regulations. Failure to comply with the requirements may result in suspension of work and/or withholding of payment until they are in compliance with the requirements.*

B. All Project Engineers and/or their Payroll Designees  
Paul Campbell, Compliance Officer

C. August 1, 2021

D. Under current practices, in every instance, including the 40 that were denoted in the findings, there were no instances where employees were paid a wage less than the minimum required by Davis Bacon. Additionally, there were no instances of abuse of federal funds since Contract Administration Division does not pay a contractor if payrolls are delinquent per the definition in Section 110 of the Mississippi Standard Specification for Road & Bridge Construction.

### **MDOT Standard Specifications, 2017 Edition**

*110.02.1--Statements and Payrolls. The Contractor and Subcontractors shall submit weekly copies of all payrolls to the Project Engineer and meet the requirements of U. S. Department of Transportation Form FHWA 1273, on projects constructed in whole or in part with Federal funds.*

*The Contractor shall make all efforts necessary to submit this information to the Project Engineer weekly. The Engineer will have the authority to suspend the work wholly or in part and to withhold payments if the Contractor fails to submit the required information. Submission of forms and payrolls shall be current through the first full week of the month for the estimate period in order for the Project Engineer to process an estimate.*

It should be noted that the Contract Administration Division does not have the authority to suspend the work of the Contractor or to withhold payments. Only the Project Engineer has this authority and they report to a District Engineer which Contract Administration Division has no authority over as well.

**CFDA  
Number**        **20.205 – Highway Planning and Construction**

**Compliance  
Requirement**   **Subrecipient Monitoring**

**2020-035**        **Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements**

**Response:**     MDOT concurs with this finding.

**Corrective Action Plan:**

- A. To monitor LPA audit reports for the year ended September 30, 2019 and forward, MDOT has developed an electronic Single Audit Certification letter. The electronic version will require an acknowledgment from the LPA on whether or not a single audit is required based on their incurred federal expenditures and the results of their audit. If a single audit is required, the certification letter will indicate that support showing the audit has been accepted by the federal audit clearinghouse (FAC) within the earlier of 30 days after receipt of the CPA's audit report or nine months after the end of the audit period (LPA's fiscal year) should be attached. Sub-award agreement documents and the Project Development Manual has been revised accordingly.

MDOT worked closely with the Federal Highway Administration (FHWA) division office to develop this certification letter.

- B. Emily Harrington, CPA – Director of Internal Audit and Lee Frederick, PE – State LPA Engineer

- C. The electronic certification letter has been implemented and the monitoring process has been completed.

**CFDA**

**Number**      **20.205 – Highway Planning and Construction**

**Compliance**

**Requirement** **Special Test & Provisions – Quality Assurance Program**

**OTH-20-06**    **Strengthened Controls Over Special Test Requirements Related to the Quality Assurance Program**

**Response:**    MDOT does not concur with this finding.

**Corrective Action Plan:**

- A. a. The Single Audit Management Report 1<sup>st</sup> bullet point: “Two instances in which sample rates did not meet minimum sampling guidelines.

No corrective action needed.

- b. The Single Audit Management Report 2<sup>nd</sup> bullet point: “Five instances in which the Independent Assurance Sampling checklist was not properly signed by the Independence Assurance Sampling Branch Director. Instances noted occurred between two, out of 34, projects closed during 2020 fiscal year.”

The Audit Narrative will be updated for the FY2021 audit to correctly reflect requirements.

- c. The Single Audit Management Report 3<sup>rd</sup> bullet point: “One instance in which a sampled material was not properly included on the applicable Independence Assurance Sampling Checklist.”

The Audit Narrative will be updated for the FY2021 audit to correctly reflect requirements. SOP TMD-06-02 will be updated during FY2022 after discussions with FHWA to decide current needs of independent testing for reinforcing steel.

- B. Alan Kegley, Deputy Director of Materials

- C. The corrective action of updating the FY 2021 Narrative to correctly reflect requirements will be done when the State Auditor’s Office sends the narratives

for review prior to the start of the FY 2021 audit. The corrective action of updating SOP TMD-06-02 will be done during FY 2022 once Materials Division has met with FHWA to discuss current needs and options for the IA program.

- D. Corrective action is not necessary for the items in part Aa. As stated in our Standard Operating Procedure TMD-06-02-00-000, at the State Materials Engineer's discretion, the schedule frequencies for sampling and testing may be adjusted or adapted to specific project needs. For these two instances, the frequency was adjusted to meet project needs.

Sincerely,



Jeffrey C. Altman, P.E.  
Acting Executive Director

JCA: trb

cc: Lisa Hancock, CPA - Deputy Executive Director/Administration  
Brian Ratliff, PE - Deputy Executive Director/Chief Engineer