



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

January 27, 2010

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable Thayer Verschoor, Vice Chair
Joint Legislative Audit Committee

Dear Representative Burges and Senator Verschoor:

Our Office has recently completed a 24-month followup of the Arizona Department of Transportation—Highway Maintenance regarding the implementation status of the 5 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in June 2007 (Auditor General Report No. 07-03). As the attached grid indicates:

- 1 has been implemented;
- 2 are in the process of being implemented; and
- 2 are not yet applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations from the June 2007 performance audit report.

Sincerely,

Melanie M. Chesney, Director
Performance Audit Division

MMC: MCV
Attachment

cc: John Halikowski, Director
Arizona Department of Transportation

ARIZONA DEPARTMENT OF TRANSPORTATION HIGHWAY MAINTENANCE

Auditor General Report No. 07-03 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
Finding 1: Maintenance monies support numerous activities	
No Recommendations.	
Finding 2: Most Arizona pavement rated satisfactory	
No Recommendations.	
Finding 3: Division should improve method to determine maintenance needs and allocate maintenance dollars	
3.1 To better ensure that the state highway system's life expectancy, operational efficiency, appearance, and safety are maximized, the Division should:	
a. Develop and implement guidelines on how to identify annually needed maintenance work which would include frequency schedules, as appropriate, and periodic inspections to identify needed work;	Implemented at 12 Months
b. Develop and implement guidelines on how to prioritize maintenance work to ensure that the most important state-wide maintenance needs are met first within available resources;	Implementation in Process The Division reported that it plans to use condition ratings in its Level-of-Service Maintenance Budgeting System (LOS MBS), legislative and policy directives, and other information to identify priorities. The Division also plans to use its new maintenance management computerized system (PECOS IV), which was completed in September 2009, to record and prioritize state-wide, district, and work crew activities. However, according to division management, budget constraints have delayed user trainings necessary to complete this recommendation, and the LOS MBS still needs to be modified to be compatible with the new PECOS IV application. The Division expects to have the training completed by March 2010 and the LOS MBS modified by June 2010.

- a. Develop and implement guidelines on how to identify annually needed maintenance work which would include frequency schedules, as appropriate, and periodic inspections to identify needed work;
- b. Develop and implement guidelines on how to prioritize maintenance work to ensure that the most important state-wide maintenance needs are met first within available resources;

- c. Identify, quantify, and prioritize maintenance that needs to be done annually; and

Not Yet Applicable

The Division reported that it will implement this recommendation after the training for the PECOS IV application is completed in March 2010. Division management indicated that the application was developed according to its design prototype, which should allow the Division to quantify and prioritize needed maintenance work.

- d. Identify work that cannot be done with existing resources to identify any maintenance funding gap.

Not Yet Applicable

The Division reported that it will implement this recommendation after the training for the PECOS IV application is completed in March 2010. Division management indicated that the application was developed according to its design prototype, which should allow the Division to identify maintenance funding gaps. The application is designed to track backlogged maintenance activities that are unfunded or were not done according to their frequency schedule, as well as their associated costs.

-
- 3.2 To ensure that state-wide maintenance needs are addressed, the Division should develop and implement a methodology to allocate monies to districts and regions based on state-wide needs and priorities, and each district's and region's relative needs and roadway responsibilities (for example, lane miles and traffic flow).

Implementation in Process

The Division reported that it plans to use the LOS MBS feature condition ratings and other data—such as lane miles, traffic volume, and snowfall—to allocate monies to the districts based on state-wide needs and priorities, but that it has not yet developed a specific methodology for doing so. Further, although the Division reported that it has completed the LOS MBS, it does not take enough rating samples to draw conclusions about roadway conditions at individual districts. This may limit the system's usefulness for determining how to allocate monies based on each district's needs. However, the PECOS IV application is designed to allow districts and regions to report their needs and roadway responsibilities, such as lane miles and traffic flow, to state-wide planners. Such information would allow an interim method to allocate monies based on state-wide needs and priorities.
