



Report Highlights

Department of Transportation and Development

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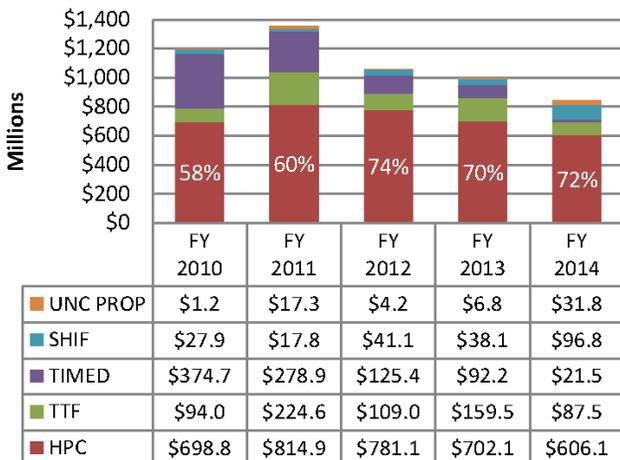
Why We Conducted This Audit

We conducted certain procedures at the Department of Transportation and Development (DOTD) as part of the audit of the state of Louisiana's financial statements and the Single Audit of the State of Louisiana, and to evaluate DOTD's accountability over public funds for the period July 1, 2013 through June 30, 2014.

What We Found

- DOTD did not obtain the required approval for 14 (8%) of 184 project change orders tested for the Highway Planning and Construction (HPC) program and did not maintain accurate information related to required federal oversight for 12 (2%) of 638 change orders tested. These problems result in the risk of lower federal participation, increased state costs, and noncompliance with federal regulations.
- DOTD did not adequately monitor its subrecipients for the Recreational Trails and Safe Routes to Schools programs under the HPC cluster. This results in noncompliance with federal regulations and increases the risk of disallowed costs that would require repayment to the federal grantor.
- DOTD made \$108,030 in payments to contractors in excess of approved contract amounts. Although controls exist in the DOTD accounting system to prevent such overpayments, maximum contract amounts are not being updated for approved change orders that reduce those maximums.

Five-Year Trend of Highway Priority Program Significant Funding Sources, by Fiscal Year (FY)



Source: FY 2010-2014 DOTD Capital Outlay AFRs

Unclaimed Property Leverage Fund (UNC PROP) is a special fund that is funded by a portion of unclaimed property collected by the state. It contains two separate accounts, I-49 North and I-49 South, which can only be used to match federal funds for the costs associated with each respective project.

State Highway Improvement Fund (SHIF) is a special fund established for the collection of registration and license fees and taxes to be used exclusively for funding projects that are part of the state highway system but not part of the federal system, and thus, is ineligible for federal highway funding assistance.

Transportation Infrastructure Model for Economic Development (TIMED) program is funded by a 4 cents gasoline tax and composed of 16 projects approved by the legislature in 1989. Bonds were issued to accelerate the completion of the TIMED program.

Transportation Trust Fund (TTF) is funded by a 16 cents gasoline tax, which is used exclusively for the construction and maintenance of the state and federal highway systems, the Statewide Flood-Control program, ports, airports, transit, traffic control, and the Parish Transportation Fund.

Highway Planning and Construction Cluster (HPC) provides federal grants to states to assist in the construction and rehabilitation of the National Highway System; to provide aid for the repair of federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate efficient or obsolete bridges; and to provide for other special purposes.

Source: LA Constitution Article 7, Section 27; R.S. 47:820.1 and 47:820.2; www.whitehouse.gov

As shown in the chart at left, federal funds provided 72% of the significant funding sources for the highway program in FY 14. Although the proportion of federal funds have remained stable in recent years, the total amount of federal funds, and thus, overall funds for construction projects, has steadily decreased since 2011. There has been an increase in the use of monies from the State Highway Improvement Fund and the Unclaimed Property Leverage Fund because of recent bond sales (\$85.4 million of SHIF bonds in FY13 and another \$198.1 million in FY14; \$111.7 million of Unclaimed Property bonds in FY14).