



Report Highlights

Department of Transportation and Development

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Why We Conducted This Audit

We conducted certain audit procedures at the Department of Transportation and Development (DOTD) as part of our 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 fiscal year ended June 30, 2013.

What We Found

We tested controls, compliance with laws, and financial reporting for certain accounts at DOTD. We also tested internal control and compliance with the Highway Planning and Construction (HPC) Cluster of programs. Our procedures disclosed the following:

- DOTD did not adequately monitor over \$1.1 million of fuel and related expenditures incurred by its headquarters section employees through the Fueltrac purchasing system, thereby increasing the risk that fraud and abuse could occur without being detected.
- DOTD effectively double-counted audit costs in its indirect cost rate proposal, resulting in an overstated indirect cost rate and overbillings of \$144,228 which may need to be repaid to the federal government.
- DOTD did not obtain the required federal approval for four of 86 (5%) change orders tested for HPC program projects. In addition, DOTD did not maintain accurate information related to required federal oversight for 54 of 619 (9%) change orders tested. These problems result in the risk of lower federal participation and increased state costs.

As shown in the chart at right, federal funds provided 73% of funding for the highway program in FY13 and the proportion of federal funds has increased over the previous four fiscal years with the decrease in TIMED funds because of the completion of

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.

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.

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

5-Year Trend of Highway Priority Program Significant Funding Sources

