

# Report Highlights

## Department of Transportation and Development (DOTD)

DARYL G. PURPERA,  
CPA, CFE

Audit Control # 80110037  
Financial Audit Services • June 2012

### Why We Conducted This Audit

We conducted certain procedures at DOTD to assist in the audit of the state's financial statements and the federal Single Audit report.

### What We Found

- Weaknesses in the LaGov Enterprise Resource Planning (ERP) system controls resulted in over \$26 million in unbilled federal expenditures, federal questioned costs totaling \$2.4 million, noncompliance with federal matching requirements, and financial statement errors in excess of \$42 million. DOTD management did not agree with all noted weaknesses as detailed in its formal response.
- For the fifth consecutive year, DOTD did not submit an accurate Annual Fiscal Report to the Office of Statewide Reporting and Accounting Policy. DOTD management did not agree with all reported errors as detailed in its formal response.
- DOTD did not comply with the Cash Management Improvement Act. DOTD's manual processes caused the late receipt of federal funds, resulting in an estimated \$38,000 in lost interest earnings to the state. After the implementation of the LaGov ERP system in November 2010, DOTD began daily draws resulting in the early receipt of federal funds which created a potential interest liability owed by the state to the federal government estimated at approximately \$6,000. DOTD management did not agree that any potential interest is owed to the federal government.
- DOTD submitted ineligible costs totaling \$98,090 for reimbursement under the Disaster Grants - Public Assistance program. DOTD management did not agree that part (\$38,090) was unallowable.
- In our review of 14 Highway Planning and Construction (HPC) program projects administered by DOTD and the related American Recovery and Reinvestment Act reports, errors were noted, which created a net understatement of \$29.5 million.
- DOTD did not obtain the required approval of the Federal Highway Administration for change orders on two of 10 (20%) HPC program projects with non-major change orders and three of 25 (12%) HPC projects with contract time extension change orders.
- Out of 44 employees tested, 17 former employees still had user access to the state's Integrated Statewide Information System (ISIS) Advantage Financial System. This increases risk of error and fraud; however, no errors or fraud were identified in our testing.

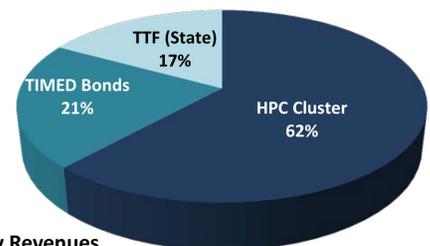
**DOTD's Mission** is to deliver transportation and public work systems that enhance quality of life and facilitate economic growth.

**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.

**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.

**HPC Cluster** 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 deficient or obsolete bridges; and to provide for other special purposes.

### Fiscal Year 2011 Significant Funding Sources for the Highway Priority Program



Capital Outlay Revenues  
\$1.318 billion

Source: Annual Fiscal Report

View the full report at [www.lla.la.gov](http://www.lla.la.gov).

For more information, contact **Tom Cole**, Director of Financial Audit Services, at 225-339-3800.