

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
CRESCENT CITY CONNECTION BRIDGE
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED APRIL 2, 2014

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 26, 2014

The Honorable Robert Adley,
Chairman of the Louisiana Senate Transportation,
Highways and Public Works Committee

The Honorable Karen St. Germain,
Chairman of the Louisiana House of Representatives
Transportation, Highways and Public Works Committee

Dear Senator Adley and Representative St. Germain:

As required by Section 4 of Act 865 of the 2012 Regular Legislative Session, we have performed certain audit procedures on the Department of Transportation and Development's (DOTD) operations of the Crescent City Connection Bridge (CCCB). Because of the closing of the Crescent City Connection Division (CCCD) during fiscal year 2013, we also performed procedures related to selected cash balances and their transfer as required by law. Our procedures were conducted to (1) gain an understanding of internal control over procurement and disbursements related to the Crescent City Connection Bridge (CCCB) and test a sample of expenditures related to CCCB from January 1, 2013 to November 15, 2013, for compliance with applicable state statutes, rules, and regulations and (2) verify ending cash balances at December 31, 2012, for the CCCD and report on the use and transfer of remaining CCCD funds by DOTD, to comply with Act 866 of the 2012 Regular Legislative Session and Acts 247 and 274 of the 2013 Regular Legislative Session.

Our procedures consisted primarily of inquiries of management and the examination of selected financial transactions, records, and other documentation. The scope of our work was significantly less than an audit conducted in accordance with *Government Auditing Standards*.

The accompanying report presents our findings and recommendations as well as management's response. This report is intended primarily for the information and use of the Louisiana Legislature and DOTD. This is a public report and copies have been delivered to the appropriate public officials.

We would like to express our appreciation to the management of DOTD for their assistance during our work.

Sincerely,

A handwritten signature in blue ink, reading "Daryl G. Purpera". The signature is fluid and cursive, with the first name "Daryl" and last name "Purpera" clearly distinguishable.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RR:BQD:THC:ch

CCCB 2013

Introduction

The Crescent City Connection Bridge tolls were set to expire on December 31, 2012. Act 865 of the 2012 Regular Legislative Session, in part, authorized a vote on extending the tolls to be held November 6, 2012. This vote renewed the tolls by a small margin. Several groups questioned the election results and took legal action to have the results reviewed. A judge ruled that voters were disenfranchised by the election due to a large number of provisional ballots incorrectly being handed out which ultimately prevented some registered voters from voting on the toll proposition. The judge ruled on March 5, 2013, to nullify the November election and ordered a new election on the tolls to be held on May 4, 2013, which resulted in the elimination of the tolls permanently.

Section 4 of Act 865 required an audit by the Legislative Auditor on the Department of Transportation and Development's (DOTD) operations of the Crescent City Connection Bridge (CCCB) with a written report to be provided to the House and Senate committees on transportation, highways, and public works, to include, but not be limited to, a determination of DOTD's compliance with the statutes, rules, and regulations of the state concerning procurement of supplies and materials and obtaining professional services.

Act 866 of the 2012 Regular Legislative Session, in part, provided for the termination of the Crescent City Connection Division (CCCD). All property, books, papers, and records owned by CCCD were transferred to DOTD. All functions of CCCD were folded into existing DOTD districts and sections. Act 866 also created the Crescent City Transition Fund as a special fund in the State Treasury and provided for the source and use of monies in the fund. Monies remaining in the CCCD trust accounts at December 31, 2012, less funds appropriated to DOTD to pay existing CCCD obligations were transferred to the Crescent City Transition Fund. Act 866, as amended by Act 274 of the 2013 Regular Legislative Session, designated a portion of the funds for capitalizing ferry service formerly operated by CCCD. The remaining funds, after covering certain costs of the toll violation amnesty program established by Act 274, are to be appropriated to the New Orleans Regional Planning Commission for certain expenditures designated in the Act.

Act 247 of the 2013 Regular Legislative Session, in part, required that all balances remaining on July 1, 2013, in any Geaux Pass account and toll tag deposits for all Geaux Pass accounts with the primary designation as CCCB that had no activity on Louisiana Highway 1 on or after July 1, 2012, would be deemed "abandoned funds" and treated as unclaimed property if not claimed by any person as of June 15, 2013. Also, any tolls collected to cross CCCB from January 1, 2013 through March 5, 2013, would also be deemed abandoned if not claimed by June 15, 2013. All funds deemed abandoned were to be transferred from DOTD to the State Treasurer in his capacity as administrator of the Uniform Unclaimed Property Act. The Treasurer shall deposit these funds into the Geaux Pass Transition Fund. Up to thirty percent of the funds remaining on June 30, 2014, shall be appropriated to DOTD for operational and maintenance costs for the New Orleans ferries formerly operated by CCCD. The remaining balance in the fund as of June 30, 2014, shall be appropriated to the New Orleans Regional Planning Commission for certain expenses noted in Act 247.

Act 274 of the 2013 Regular Legislative Session, in part, provided that DOTD establish a toll violation amnesty program to run from August 1, 2013 to October 1, 2013. Any participant in the program would only be required to remit the unpaid toll to cross the CCCB and would be relieved of any further obligation. DOTD was not to collect associated administrative charges or late fees. All funds collected during the amnesty program were to be deposited into the Crescent City Transition Fund created by Act 866. An amount not to exceed 20% of the funds collected during the amnesty program is to be appropriated to DOTD for the cost to implement the amnesty program.

Our procedures consisted primarily of inquiries of management and the examination of selected financial transactions, records, and other documentation. The scope of our work was significantly less than an audit conducted in accordance with *Government Auditing Standards*. A response from DOTD is attached to this report as Appendix A.

Our objectives were as follows:

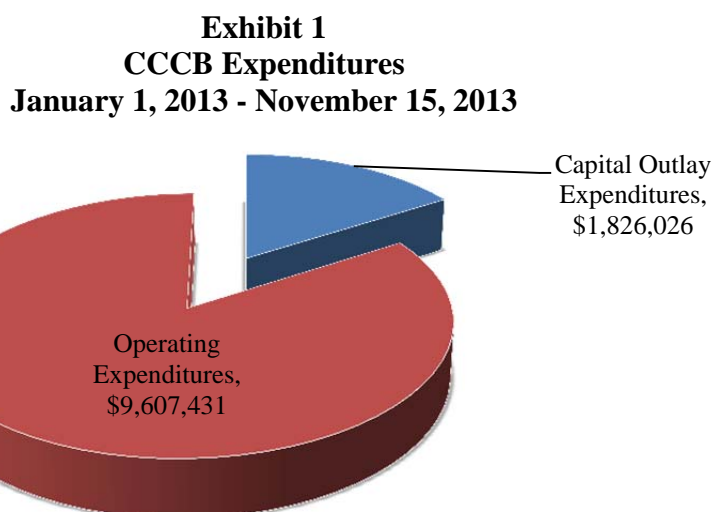
Objective 1 - Procurement and Disbursements: To gain an understanding of internal control over procurement and disbursements related to the Crescent City Connection Bridge (CCCB) and test a sample of expenditures related to CCCB from January 1, 2013 to November 15, 2013, for compliance with applicable state statutes, rules, and regulations.

Objective 2 - Cash Balances and Compliance: To verify ending cash balances at December 31, 2013, for the Crescent City Connection Division (CCCD) and report on the use and transfer of remaining CCCD funds by DOTD to comply with Act 866 of the 2012 Regular Legislative Session and Acts 247 and 274 of the 2013 Regular Legislative Session.

Objective 1 - Procurement and Disbursements

Objective 1: To gain an understanding of internal control over procurement and disbursements related to Crescent City Connection Bridge (CCCB) and test a sample of expenditures related to CCCB from January 1, 2013 to November 15, 2013, for compliance with applicable state statutes, rules, and regulations.

Section 4 of Act 865 of the 2012 Legislative Session, as it relates to DOTD's operations of the CCCB, requires the legislative auditor to report on a determination of DOTD's compliance with the statutes, rules, and regulations of the state concerning procurement of supplies and materials and obtaining professional services such as engineering, inspection, and examination services. Since the tolls were not extended, there were no operations of CCCB. However, to comply with the Act, we reviewed and tested DOTD's expenditure transactions related to CCCB occurring from January 1, 2013 through November 15, 2013. Total transactions during this time period totaled \$11,433,457. Exhibit 1 displays the breakdown of Capital Outlay and Operating expenditures.



Source: Prepared by LLA staff using unaudited information obtained from LaGov System.

Operating expenditures included \$4.6 million in payroll transactions not tested as a part of this work. We also excluded transactions involving the state's purchasing card known as P-card (\$33,514) and transactions made with Fueltrac (\$70,527). Both of these transaction types were considered in a separate audit of DOTD, which resulted in a Management Letter issued December 18, 2013. The remaining population from which our sample was taken was \$1,826,026 in capital outlay expenditures and \$4,872,465 in operating expenditures.

Procurement requirements depend on the type and amount of the purchase. See Exhibit 2 for basic procurement requirements for DOTD.

Exhibit 2 Procurement Requirements for DOTD			
	Minimum Number of Bids to be Sent by DOTD	Advertise on DOTD Website or LaPac*	Method of Bid Submittal
Capital Outlay Expenditures			
<u>Contract Amount</u>			
Under \$50,000	3	N/A	Mailed, Faxed, or Hand Delivered to DOTD District
Under \$50,000 (Federally Funded)	N/A	DOTD	Electronically through BidExpress software only
\$50,000 - \$500,000	3	DOTD	Sealed bid mailed or hand delivered to DOTD District
\$50,000 - \$500,000 (Federally Funded)	N/A	DOTD	Electronically through BidExpress software only
Over \$500,000	N/A	DOTD	Electronically through BidExpress software only
Operating Expenditures			
<u>Exempt Expenses (Capital Outlay Expenses)</u>			
Less than \$5,000	None	N/A	N/A
\$5,000 - \$15,000	3**	LaPac	Mailed, Faxed, or Hand Delivered to DOTD-HQ
\$15,000 - \$25,000	5**	LaPac	Mailed, Faxed, or Hand Delivered to DOTD-HQ
Over \$25,000	5**	LaPac	Sealed Bid Mailed to DOTD-HQ
<u>Non-Exempt Expenses (All other purchases)</u>			
Less than \$5,000	None	N/A	N/A
\$5,000 - \$15,000	3**	LaPac	Mailed, Faxed, or Hand Delivered to DOTD-HQ
\$15,000 - \$25,000	5**	LaPac	Mailed, Faxed, or Hand Delivered to DOTD-HQ
Over \$25,000***	5**	LaPac	Sealed Bid Mailed to OSP
* DOTD places all bid requests for operating expenses over \$5,000 on Louisiana Procurement & Contract Network (LaPac).			
** Per State of Louisiana Executive Order BJ 2010-16.			
***Only purchase type requiring Division of Administration - Office of State Purchasing (OSP) approval.			
Source: Prepared by LLA staff using revised statutes and DOTD procurement policies.			

Our test of CCCD-related capital outlay expenditures consisted of a sample of transactions occurring from January 1, 2013 through November 15, 2013. DOTD had 18 CCCD coded projects with activity for this time frame. We looked at each of the contracts related to these projects to determine if proper procurement procedures were followed.

Our test of CCCD-related operating expenditures consisted of a sample of transactions occurring from January 1, 2013 through November 15, 2013. Our sampling method ensured that at least one of each type of transaction occurring during this period was selected. Out of 30 items selected, three involved invoices for which costs were shared by CCCB and the Louisiana Transportation Authority (LTA).

Exceptions:

Of the 18 capital outlay projects reviewed, one was not properly advertised. A letter bid proposal for repairs, resulting in a \$465,900 contract, was not advertised on the DOTD internet page, resulting in noncompliance with state law and DOTD policy. Per DOTD, the employee responsible for the project bidding was not aware of the advertising requirement.

In our test of 30 operational expenditure transactions, one exception was noted.

- One item should have been paid by the LTA; however, 90% of the costs (\$88,299) were paid with CCCB funds. When DOTD management was made aware of the error, they conducted a search for other invoices during 2013 that were incorrectly split and found one additional error for \$71,280.

As a result of these errors, we performed additional procedures to search for additional transactions with shared funding during calendar year 2012. These additional procedures resulted in one exception in which \$14,752 was incorrectly charged to CCCD. These errors did not have an impact on the amount of funds transferred to the Crescent City Transition Fund as these expenditures were paid with funds retained by DOTD for CCCD operations.

Recommendations:

Good internal controls require personnel responsible for project bidding to be aware of applicable state statutes, rules, and regulations to properly advertise projects before awarding contracts. In addition, an effective review process should exist to ensure the proper allocation of costs between funding sources. DOTD should provide sufficient training to personnel responsible for project bidding to ensure they are knowledgeable of procurement requirements and establish a sufficient review process to ensure the proper allocation of costs between funding sources. Management concurred with these recommendations (See Appendix A).

Objective 2 - Cash Balances and Compliance

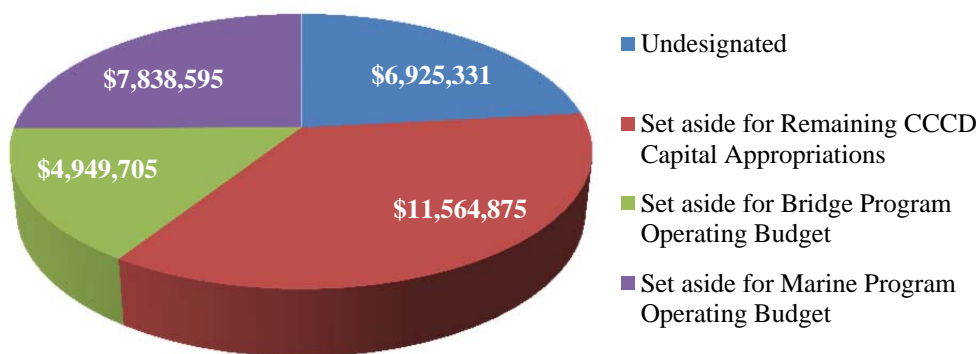
Objective 2: To verify ending cash balances at December 31, 2013, for the Crescent City Connection Division (CCCD) and report on the use and transfer of remaining CCCD funds by DOTD to comply with Act 866 of the 2012 Regular Legislative Session and Acts 247 and 274 of the 2013 Regular Legislative Session.

CRESCENT CITY TRANSITION FUND

Act 866 of the 2012 Regular Legislative Session terminated the CCCD. It also created the Crescent City Transition Fund. Monies remaining in the CCCD trust accounts at December 31, 2012, less (1) funds appropriated to DOTD to pay existing CCCD operating obligations and (2) funds needed for CCCD-related capital outlay projects with remaining budgets were “undesignated” transfers to the Crescent City Transition Fund. Funds not needed by DOTD for operations or existing capital outlay projects are to be appropriated for capitalizing ferry service, formerly operated by CCCD, and after covering certain costs of the toll violation amnesty program, are to be appropriated to the New Orleans Regional Planning Commission for certain expenditures designated in the Act.

Procedures were performed to determine the balance in the CCCD trust accounts as of December 31, 2012, which totaled \$31,278,506. Exhibit 3 shows a breakdown on how the balance was designated.

Exhibit 3: CCCD Trust Account Designation



Source: Prepared by LLA staff using unaudited information provided by DOTD.

Of the \$31,278,506, approximately \$12.8 million was transferred to DOTD operations for bridge and marine program operations, \$1.2 million was transferred to DOTD for previous CCCD-related capital outlay projects expenditures, and the remaining \$17.3 million was transferred to the Crescent City Transition Fund. Of the \$17.3 million transferred to the Crescent City Transition Fund, \$10.4 million was designated to fund previous capital outlay appropriations for CCCD projects as shown in Exhibit 4.

NOTE: The last two items on the list are not projects, but a combined amount of previous years appropriations not assigned to specific projects. DOTD represented that these funds will be applied to future Crescent City Connection related projects in collaboration with the New Orleans Regional Planning Commission.

Exhibit 4
Crescent City Connection-Related Capital Outlay Projects, as of March 15, 2013

Project Number	Project Description	Budget Amount	Total Expenditures	Budget Remaining
H.002540.6	REPAIR BRIDGE PIER DAMAGE FROM BOAT COLLISION	\$731,384	\$665,758	\$65,626
H.002543.6	REPAIR BARRIER RAIL DAMAGE ON WESTBANK	18,835		18,835
H.002803.5	DRAINAGE IMPROVEMENTS - GENERAL DEGAULLE DRIVE AT WALL BLVD	172,330	117,478	54,852
H.002804.6	GENERAL DEGAULLE DRIVE IMPROVEMENT	5,047,086	5,041,442	5,644
H.002806.6	GENERAL DEGAULLE DRIVE SERVICE ROAD OVERLAY	265,141	139,030	126,111
H.003629.5	CCCD ADMINISTRATION BLDG EXPANSION	315,934	272,345	43,589
H.003629.6	CCCD ADMINISTRATION BLDG EXPANSION	1,086,976	909,011	177,965
H.005676.5	REPLACEMENT OF ROOF FOR ADMINISTRATION AND POLICE & MAINTENANCE BUILDINGS	73,855	44,623	29,232
H.006405.6	2008 USCG MOTOR VESSEL COL. FRANK X. ARMIGER - DRYDOCKING, REPAIRS, MODIFICATION	166,760	166,749	11
H.006422.6	INSTALL NEW JACK CONTROL SYSTEM AT CHALMETTE	31,750	15,874	15,876
H.008670.5	CCCD TRUST INDENTURED SERVICES AND ENGINEERING SERVICES	54,100	53,677	423
H.009339.6	CCCD MARINE VESSELS RADAR SYSTEM UPGRADES	41,215		41,215
H.971298.1	OVERHAUL OF PORT GENERATOR ENGINE ON MOTOR VESSEL ALVIN T. STUMPF FERRY	38,048	2,171	35,877
H.971609.1	IMPACT ATTENUATOR MAINTENANCE - CCCD ORLEANS & JEFFERSON PARISH	307,895	232,618	75,277
H.971617.1	REPAIRS TO LOWER ALGIERS FERRY FACILITY	44,298	43,758	540
H.971809.1	EMERGENCY REPAIRS TO JACKSON AVE FERRY FACILITY - GUSTAV	14,440	14,400	40
H.971810.1	EMERGENCY REPAIRS TO GRETNAL FERRY FACILITY - GUSTAV	75,000	73,660	1,340
H.971811.1	EMERGENCY REPAIRS TO ALGIERS FERRY FACILITY - GUSTAV	298,200	293,275	4,925
H.971813.1	EMERGENCY REPAIR TO CHALMETTE FERRY FACILITY - GUSTAV	46,533		46,533
H.971868.1	2011 USCG MOTOR VESSEL COL. FRANK X. ARMIGER FERRY - DRYDOCKING, REPAIRS, MODIFICATIONS	292,072	292,049	23

Project Number	Project Description	Budget Amount	Total Expenditures	Budget Remaining
H.971869.1	CCCD ADMINISTRATION BUILDING - REPLACE FENCING	\$24,858	\$23,522	\$1,336
H.971873.1	MOTOR VESSEL THOMAS JEFFERSON FERRY - THRUSTER REPAIR	5,896	5,416	480
H.971891.1	MOTOR VESSEL ALVIN T. STUMPF FERRY - HYDRAULIC REPAIRS	4,205		4,205
H.971892.1	MOTOR VESSELS THOMAS JEFFERSON & ALVIN T. STUMPF FERRIES - ENGINE REPAIR	6,940	5,510	1,430
H.971899.1	CCC BRIDGE 1: LIGHT POLE REPAIR	4,990	3,770	1,220
H.971906.1	MOTOR VESSEL THOMAS JEFFERSON FERRY - REPLACE LOWER GEARS	1,375	1,000	375
H.971921.1	CCCD ROOF REPLACEMENT	250,000		250,000
H.971929.1	CCCD BRIDGE 1 WEST BANK APPROACH EMERGENCY REPAIRS	500,000	192,006	307,994
H.971930.1	CCCD MARINE MAINTENANCE FACILITY REPAIRS	62,340	49,870	12,470
H.971932.1	2012 USCG MOTOR VESSEL THOMAS JEFFERSON FERRY - DRYDOCKING, REPAIRS, MODIFICATIONS	431,170	311,898	119,272
H.971936.1	MOTOR VESSEL ST JOHN FERRY - STEERING REPAIRS	7,050	7,045	5
H.971939.1	MOTOR VESSEL PORTERIE FERRY - REPAIR MAIN THRUSTERS	6,310	6,308	2
H.971947.1	MOTOR VESSEL COL FRANK X. ARMIGER FERRY - ELECTRICAL REPAIRS	91,478		91,478
H.971952.1	MOTOR VESSEL PORTERIE FERRY - PORT THRUSTER REPAIR	6,560	6,558	2
H.971958.1	MOTOR VESSEL PORTERIE FERRY - STARBOARD THRUSTER REPAIRS	2,500	2,410	90
H.971959.1	MOTOR VESSEL PORTERIE FERRY - PORT THRUSTER REPAIRS	8,500	8,468	32
H.972002	STORAGE CONTAINER ELECTRIC INSTALL	5,000	3,500	1,500
H.972003.1	REPAIR DECORATIVE LIGHTS CCC BRIDGES 1 & 2	75,000		75,000
H.972008.1	EMERGENCY REPAIRS TO ALGIERS POINT FERRY FACILITY - REPLACE PEDESTRIAN BRIDGE TRANSITION SPAN	500,000		500,000
H.B00000	CAPITAL BUDGET NONCONSUMED (Appropriations for projects related to bridge, but not assigned to specific projects. Projects will be collaborative effort of New Orleans Regional Planning Commission and DOTD.)	5,856,617		5,856,617
H.B00000	CAPITAL BUDGET NONCONSUMED (Appropriations for projects related to ferries, but not assigned to specific projects. Projects will be collaborative effort of New Orleans Regional Planning Commission and DOTD.)	2,383,051		2,383,051
Total, March 15, 2013		\$19,355,692	\$9,005,199	\$10,350,493
Source: Prepared by LLA staff using unaudited information obtained from LaGov System.				

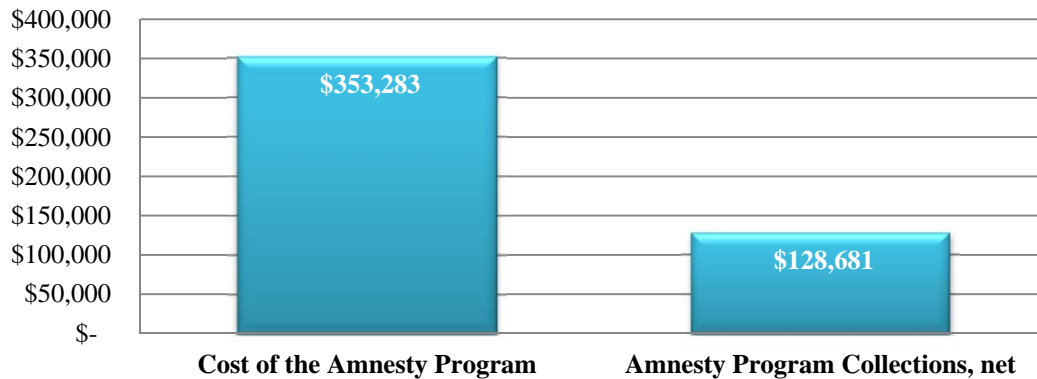
Act 274 of the 2013 Legislative Session amended the portion of Act 866 related to Revised Statute 48:1161.2(D) to state that the monies in the Crescent City Transition Fund should be appropriated as follows:

- The first \$4 million shall be for use by DOTD for capitalizing ferry service previously operated by the CCCD. One million four hundred thousand dollars of such funds shall be appropriated and available for ferry operations costs to be appropriated annually in the amount of \$700,000 for fiscal years beginning July 1, 2013 and July 1, 2014.
- A maximum of 20% of the funds collected from the toll violation amnesty program shall be appropriated to DOTD for its costs incurred to implement the amnesty program.
- The remaining balance of the fund will be appropriated to the New Orleans Regional Planning Commission (NORPC) for lighting of the eastbank and westbank approaches to the CCCB, improvements to ingress and egress points, lighting, maintenance, grass cutting, and landscaping of the Westbank Expressway and connecting arteries. DOTD and NORPC have entered into a cooperative endeavor agreement to provide/administer these services for March through June of fiscal year 2013 at an estimated cost of \$381,606 and all of fiscal year 2014 at an estimated cost of \$1,387,683.

Act 274 also required DOTD to create a toll violation amnesty program to run from August 1, 2013 to October 1, 2013. Any participant in the program would be required to remit the unpaid toll to cross the CCCB and would be relieved of any further obligation. DOTD was not to collect associated administrative charges or late fees. All funds collected during the amnesty program were to be deposited into the Crescent City Transition Fund created by Act 866 described above. An amount not to exceed 20% of the funds collected during the amnesty program was to be appropriated to DOTD for the cost to implement the program.

Based on supporting documentation provided by DOTD, \$129,517 was collected through the amnesty program; however, after \$836 in adjustments, mostly for checks that had insufficient funds in the owners account, net collections totaled \$128,681. Of this amount, DOTD retained \$25,778 (20% of the collections) to cover a portion of its costs and deposited the remaining \$102,903 into the Crescent City Transition Fund. Although the toll violation amnesty program generated \$128,681 in net collections, DOTD estimated the program cost to be \$353,283, which includes postage and labor to collect and analyze violation data, prepare letters to violators, and process payments received. Based on the information provided by DOTD, the amnesty program resulted in a loss to the state totaling \$224,602, as shown in Exhibit 5.

Exhibit 5
Amnesty Program Cost vs Collected



Source: Prepared by LLA staff using unaudited information obtained from DOTD.

The Crescent City Transition Fund also had other sources of funding such as statutorily dedicated funds from Highway Fund #2 as well as interest earned in accordance with Act 866. Exhibit 6 shows funding sources, uses, and the cash balance in the Crescent City Transition Fund as of December 31, 2013.

Exhibit 6
Crescent City Transition Fund

Receipts	
Transfers from CCCD Trust Accounts:	
Remaining Capital Outlay Appropriations from Trust Accounts	\$10,350,493
Undesignated Funds Remaining in Trust	6,925,331
Other Receipts:	
Highway Fund #2	1,923,139
Insurance Reimbursements	501,670
Amnesty Program Collections	102,903
Ferry Income	33,910
Interest Income	25,196
CCC Violations Collected	13,884
Other	10,490
Total Receipts	19,887,016
Disbursements	
CCC Operating & Maintenance	726,981
Transfers to Capital Outlay Escrow Fund – DOTD	1,355,024
Total Disbursements	2,082,005
Cash Balance at December 31, 2013	\$17,805,011

Source: Prepared by LLA staff using unaudited information provided by DOTD and State Treasury.

GEAUX PASS TRANSITION FUND

Act 247 of the 2013 Regular Legislative Session, in part, required that all balances remaining on July 1, 2013, in any Geaux Pass account and toll tag deposits for all Geaux Pass accounts with the primary designation as CCCB that had no activity on Louisiana Highway 1 on or after July 1, 2012, would be deemed “abandoned funds” and treated as unclaimed property if not claimed by any person as of June 15, 2013. Also, any tolls collected to cross CCCB from January 1, 2013 through March 5, 2013, would also be deemed abandoned if not claimed by June 15, 2013. All funds deemed abandoned shall be transferred from DOTD to the State Treasurer in his capacity as administrator of the Uniform Unclaimed Property Act. The Treasurer shall deposit these funds into the Geaux Pass Transition Fund. Up to thirty percent of the funds remaining on June 30, 2014, shall be appropriated to DOTD for operational and maintenance costs for the New Orleans ferries formally operated by CCCD. The remaining cash balance in the fund as of June 30, 2014, shall be appropriated to the New Orleans Regional Planning Commission for certain expenses noted in Act 247.

In reviewing supporting documentation to verify account balances, we noted that although over \$700,000 in toll refunds were paid to account holders these funds were not transferred to the Unclaimed Property Escrow Account until March 26, 2014, according to the State Treasurer’s office.

Exhibit 7 Geaux Pass Transition Fund		
Receipts		
Toll Related		
Tolls in Patron Accounts	\$2,474,368	
Tag Deposits	1,429,605	
Tolls Collected in Cash Lane January 1, 2013 - March 5, 2013	2,269,640	
Tolls Collected in AVI Lane January 1, 2013 - March 5, 2013	1,112,183	
Other	585	\$7,286,381
Interest Income		4,290
Cash Balance at December 31, 2013		7,290,671
Pending Transfers Out		
Amount Refunded to Account Owners by Treasury, Not Transferred Out		712,922
Available Cash Balance in Geaux Pass Transition Fund at December 31, 2013		\$6,577,749
Source: Prepared by LLA staff using unaudited information provided by DOTD and State Treasury.		

APPENDIX A: MANAGEMENT'S RESPONSE



Office of the Secretary
PO Box 94245 | Baton Rouge, LA 70804-9245
ph: 225-379-1200 | fx: 225-379-1851

Bobby Jindal, Governor
Sherri H. LeBas, P.E., Secretary

March 26, 2014

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804

**RE: Department of Transportation and Development
Audit Response – Crescent City Connection Bridge**

Dear Mr. Purpera:

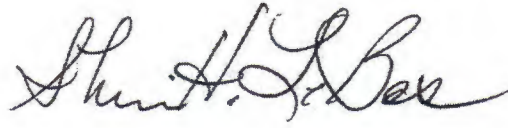
We concur with exceptions noted in your report and would like to address each:

- A letter bid proposal for repairs, resulting in a \$465,900 contract, was not advertised on the DOTD internet site.
 - We have well documented procurement and bidding procedures, as well as an established, on-going training program for employees that perform these functions. This was an isolated incident in which all procurement and bidding procedures were followed other than online advertisement.
- Three expenditure transactions were noted which should have been paid specifically with Louisiana Transportation Authority (LTA) funds but were paid 90% with CCC funds and 10% with LTA funds. None of these exceptions impacted the amount of funds transferred to the transition fund.
 - This was an error in coding three invoices for payment. We have procedures in place for accounts payables, and we continue our staff training in this area. As noted in your report, this error did not affect the amount of funds transferred to the transition fund.

Thank you for the opportunity to respond to this procedural report and to have this Management Response included with the final audit report. Please feel free to contact Michael Bridges, Undersecretary or myself should you have any questions.

Daryl G. Purpera
March 26, 2014
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Sincerely,

A handwritten signature in black ink, appearing to read "Sherri H. LeBas". The signature is fluid and cursive, with the first name "Sherri" being more prominent.

Sherri H. LeBas, P.E.
Secretary

cc:

Mr. Ricky Rodriguez, C.P.A., LLA
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