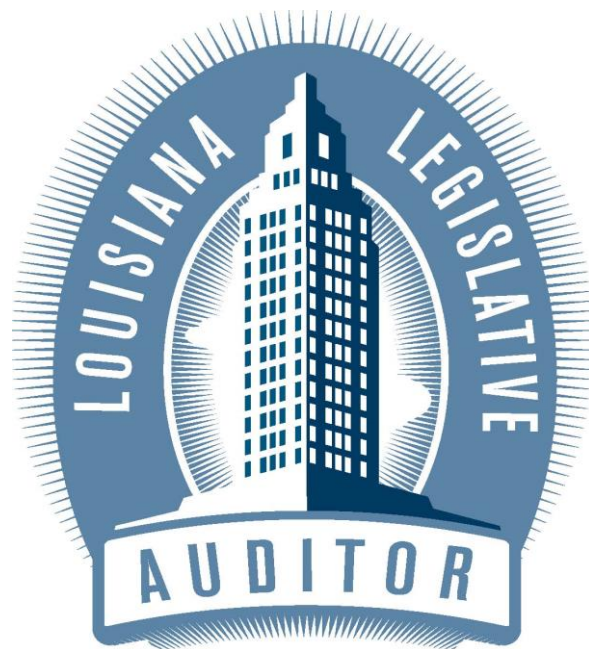


DEPARTMENT OF TRANSPORTATION
AND DEVELOPMENT

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED MARCH 22, 2021

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

TEMPORARY LEGISLATIVE AUDITOR
THOMAS H. COLE, CPA, CGMA

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.la.gov.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.45. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3366 or Report ID No. 80200100 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor



Department of Transportation and Development

March 2021

Audit Control # 80200100

Introduction

As a part of our audit of the State of Louisiana's Comprehensive Annual Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2020, we performed procedures at the Department of Transportation and Development (DOTD) to provide assurances on financial information that was significant to the state's Comprehensive Annual Financial Report; evaluate the effectiveness of DOTD's internal controls over financial reporting and compliance; and determine whether DOTD complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the DOTD management letter dated February 6, 2020. We determined that management has resolved the prior-year finding related to Noncompliance and Inadequate Controls Related to Highway Planning and Construction Cluster Subrecipient Monitoring. The prior-year finding related to Inadequate Controls Related to Highway Planning and Construction Cluster Quality Assurance Requirements has not been resolved and is addressed again in this letter.

Current-year Findings

Deficiencies in Controls over Electronic Payroll Certification and Approvals

DOTD did not have adequate controls in place to ensure that all electronic time sheets, including those employees charging to federal programs, were certified and approved in a timely manner.

DOTD utilizes electronic time sheets in the Cross-Application Time Sheet (CATS) system, a computer-based application accessed through Louisiana Employees Online (LEO), for approximately 1,444 (34.5%) of its 4,181 total employees. However, DOTD did not place sufficient emphasis on ensuring electronic time sheets were properly certified and approved prior to the payroll posting date. Consequently, electronic time and attendance records were not properly

certified, approved, and monitored, which increases the risk of payroll error or fraud and may result in disallowed costs.

A review of 22 electronic time sheets identified one (4.5%) time sheet that was not approved by the employee's supervisor. Based on these results, we performed additional procedures on system reports of the 34,421 electronic time sheets processed in CATS from July 1, 2019, through June 30, 2020, and noted the following:

- 509 (1.5%) time sheets were not certified by the employee.
- 812 (2.4%) time sheets were certified by the employee from three to 132 days after the payroll posting date.
- 1,436 (4.2%) time sheets were not approved by the supervisor.
- 1,603 (4.7%) time sheets were approved by the employees' supervisors from three to 139 days after the payroll posting date.

Louisiana Civil Service Rules require each classified employee and appointing authority to certify on each payroll that the actual service was rendered, the actual number of hours of attendance on duty, and the number of hours absent from duty. DOTD policy requires employees and supervisors to certify and/or approve time statements for accuracy by 10:00 p.m. on the Wednesday following the close of the pay period (payroll posting date). Time administrators are responsible for reviewing the LaGov ZP241 eCertification Report prior to payroll processing to identify any employees who have not certified their timesheet and any supervisors who have not approved their staff's time sheets. Furthermore, federal regulations require that records be supported by a system of internal control, which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Management should ensure employees comply with existing policies and procedures, including properly certifying and approving electronic time sheets in a timely manner. Management concurred in part with the finding and provided a corrective action plan (see Appendix A, pages 1-6).

Additional Comments: In its response, management stated recertifications of time sheets due to prior period adjustments would override any previous system certifications or approvals. The auditor excluded time sheets that were marked as changed after certification in the system from our results above.

Untimely Submission of Summary of Samples and Test Results Form

DOTD did not have adequate controls in place to ensure the Summary of Samples and Test Results Form (Form 2059), which is part of DOTD's project close-out documentation, was completed timely for projects of the Highway Planning and Construction Cluster (HPCC). DOTD's Construction Contract Administration Manual requires the Summary of Samples and Test Results Form to be submitted with the project close-out documentation. In practice, DOTD requires this form to be submitted within 90 days of final acceptance of the project. The Summary of Samples

and Test Results Form is certified by applicable engineers and includes documentation relating to the quality of materials used for the project, including the sampling plans and test results of the materials.

In a sample of 17 projects, DOTD did not ensure the Summary of Samples and Test Results Form was completed within 90 days of the project's final acceptance for twelve (71%) of the projects tested.

- For seven (41%) of these projects, the form was completed untimely, ranging from 108 to 360 days after final acceptance.
- For five (29%) of these projects, the form was not completed as of December 2020, with final acceptance dates in October 2019, December 2019, January 2020, and February 2020.

In addition, we reviewed the two largest projects receiving final acceptance and noted the Summary of Samples and Test Results Form was completed 361 days after final acceptance for one project, while the form was not completed as of December 2020 for the other project which had final acceptance in July 2019.

Federal regulations require that state transportation departments develop a quality assurance program which will assure that the materials and workmanship incorporated into each federal-aid highway construction project are in conformity with the requirements of the approved plans and specifications.

DOTD did not ensure that the district engineers approved and submitted the Summary of Samples and Test Results Form to DOTD Headquarters in a timely manner. Untimely completion of this form delays validation that the sampling and testing results were in accordance with DOTD's quality assurance program. The absence of such documentation could result in a lack of support that the quality of materials and workmanship used met the requirements for a federally funded project.

DOTD should continue tracking projects receiving final acceptance and emphasize the importance of timely submittal of the Summary of Samples and Test Results Form to district engineers. In addition, DOTD may consider alternative methods for district engineers to document their review and approval of the sampling and testing results. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 7-8).

Comprehensive Annual Financial Report – State of Louisiana

As a part of our audit of the Comprehensive Annual Financial Report for the year ended June 30, 2020, we considered internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Capital Outlay Escrow

- Infrastructure
- Construction-in-progress
- Right-of-way
- Expenditures
- Accounts Payable

Transportation Trust Fund

- Federal Revenue (progress billings)

Engineering and Operations

- Operating and capital grant revenues (classification)

The account balances and classes of transactions tested are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2020, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on DOTD's major federal program, Highway Planning and Construction Cluster (CFDA 20.205, 20.219).

Those tests included evaluating the effectiveness of DOTD's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether DOTD complied with applicable program requirements. In addition, we performed procedures on information submitted by DOTD to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA) and on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

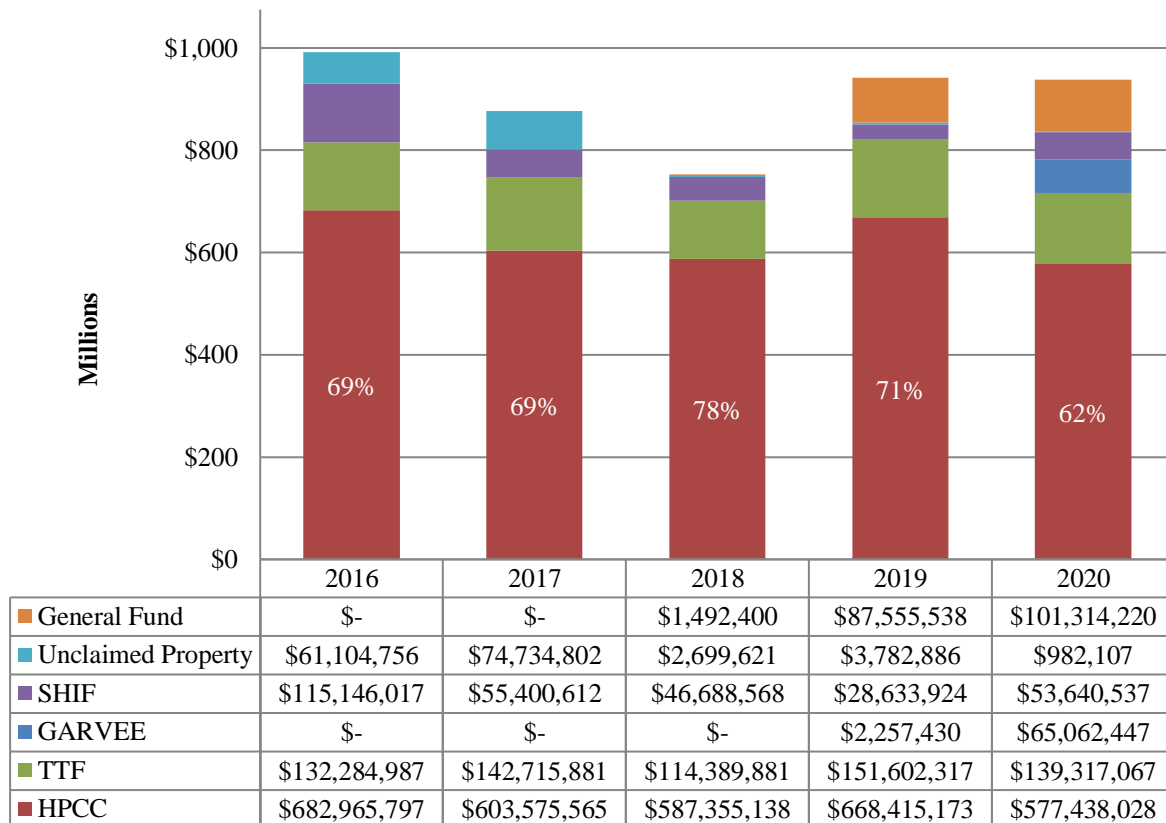
Based on the results of these Single Audit procedures, we reported findings related to Deficiencies in Controls over Electronic Payroll Certifications and Approvals and Untimely Submission of Summary of Samples and Test Results Form. These findings will also be included in the Single Audit for the year ended June 30, 2020. In addition, DOTD's information submitted for the preparation of the state's SEFA and the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using DOTD’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from DOTD’s management for any significant variances. We also prepared an analysis of the significant funding sources of the capital outlay program over the last five fiscal years.

In analyzing financial trends of DOTD over the past five fiscal years, HPCC federal funds provided \$577,438,028 (62%) of the significant fund sources for the capital outlay program in fiscal year 2020. There was a \$91 million decrease (-14%) in HPCC federal funds and a \$12 million decrease (-8%) in the Transportation Trust Fund for fiscal year 2020. These decreases were caused by revenue shortfalls in gas tax collections due to reduced travel during the COVID-19 pandemic. Federal funding from Grant Anticipation Revenue Vehicle (GARVEE) Bonds significantly increased by \$63 million in fiscal year 2020, providing \$65 million (7%) towards capital outlay projects. In addition, there was a \$25 million increase (87%) in the state highway improvement fund and a \$14 million increase (16%) in general fund non-recurring revenues for fiscal year 2020 due to appropriations in the capital outlay budget.

Exhibit 1
Five-Year Trend of DOTD Capital Outlay
Significant Fund Sources, by Fiscal Year (FY)



Source: FY 2016-2020 DOTD Capital Outlay Annual Fiscal Reports

General Fund is the principal operating fund of the state established administratively to provide for the distribution of funds appropriated by the state legislature for the ordinary expenses of state government.

Unclaimed Property Leverage Fund 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) collects 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.

Grant Anticipation Revenue Vehicles (GARVEE) is a debt-financing instrument authorized to receive federal reimbursement of debt service and related financing costs under Section 122 of Title 23, U.S. Code. The GARVEE financing mechanism generates up-front capital for major highway projects and enables a state to construct a project earlier than if using traditional resources.

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, and the Parish Transportation Fund.

Highway Planning and Construction Cluster (HPCC) provides federal grants to states to assist in the construction, rehabilitation, and preservation of the National Highway System; to provide aid for the repair of federal-aid highways following disasters; to foster safe highway design and improve bridge conditions; to support community-level transportation infrastructure; and to provide for other special purposes.

Sources: LA Constitution Article 7, Section 9; Louisiana Revised Statute (RS) 9:165; RS 48:196; RS 48:27; www.fhwa.dot.gov; LA Constitution Article 7, Section 27; www.whitehouse.gov

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of DOTD. The nature of the recommendations, their implementation costs, and their potential impact on the operations of DOTD should be considered in reaching decisions on courses of action.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Thomas H. Cole, CPA, CGMA
Temporary Legislative Auditor

RJD:LMN:RR:EFS:aa

DOTD2020

APPENDIX A: MANAGEMENT'S RESPONSES



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

John Bel Edwards, Governor
Shawn D. Wilson, Ph.D., Secretary

February 12, 2021

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

**RE: Department of Transportation and Development
Audit Finding – Deficiencies in Controls over Electronic Payroll Certifications and Approvals**

Dear Mr. Purpera:

The Department is in receipt of your single audit finding entitled “Deficiencies in Controls over Electronic Payroll Certifications and Approvals.” I appreciate the opportunity to respond to the finding and also to have my response letter included as an attachment in the final report.

The Department concurs in part. Due to the automated controls in CATS, a system generated lock occurs on all employee records. Therefore, any attempted changes to an employee record must be manually performed. Our Department procedures require employees and supervisors to certify and/or approve time statements by 10pm on Wednesday of pay week with an option to have the record unlocked under certain circumstances and certified the following week (7 calendar days after the original requirement). Time Administrators are responsible for reviewing the ZP241 after the audit of payroll and after the processing of any needed prior period adjustments (PPAs) as this may require the employee’s time statement to be recertified; this cannot be done prior to payroll processing. As such, DOTD does not consider a time statement as “untimely certified or approved” until the close of the following payroll period. These procedures are documented in the DOTD Administrative Manual 3.1.7; the specific excerpt is included as an attachment to this response.

In regard to the specific findings identified in your review, the Department has identified the following:

- **509 (1.5%) time sheets were not certified by the employee.**
Of the 509 identified, 230 (45.2%) were approved by the respective supervisor by the close of the following pay period.
- **812 (2.4%) time sheets were certified by the employee from three to 132 days after the payroll posting date.**
Our review identified that 429 (52.8%) of these time sheets were certified by the close of the following pay period. Additionally, when a PPA is performed, recertification is

Louisiana Department of Transportation and Development | 1201 Capitol Access Road | Baton Rouge, LA 70802 | 225-379-1200

An Equal Opportunity Employer | A Drug-Free Workplace | Agency of Louisiana.gov | dotd.la.gov

Audit Findings – Electronic Payroll Certifications and Approvals

February 12, 2021

Page 2 of 6

required in the system and overrides any previous system certification or approval. While we did not research all exceptions for these circumstances, it should be noted that some of these time sheets may have been originally certified timely.

- **1,436 (4.2%) time sheets were not approved by the supervisor.**

While we concur that these time sheets were not approved by the respective supervisor, 1034 (72.0%) were certified by the employee by the close of the following pay period.

- **1,603 (4.7%) time sheets were approved by the employees' supervisor from three to 139 days after the payroll posting date.**

Our review identified that 798 (49.2%) of these time sheets were approved by the close of the following pay period. Additionally, when a PPA is performed, recertification is required in the system and overrides any previous system certification or approval.

While we did not research all exceptions for these circumstances, it should be noted that some of these time sheets may have been originally approved timely.

Based on the information provided from our review, as well as per the specifics of Timekeeping outlined in the DOTD Administrative Manual 3.1.7, the Department concurs that our internal controls could be strengthened to ensure that Time Administrators are performing proper audit procedures at regular intervals throughout the fiscal year to ensure proper certification and/or approvals of electronic time statements. As a result, access to this optional CATS system may be withdrawn for participating employees if issues of compliance persist.

As such, the Department will initiate the following by March 31, 2021:

- DOTD Human Resources will provide targeted Timekeeping training to all DOTD Time Administrators and the ADAs of Business in the Districts.
- DOTD Human Resources will issue an email to all DOTD E-cert Employees which details employee and supervisor requirements.
- DOTD Human Resources will work with OTS to have an alert created that will auto-generate to E-cert users to provide a timely reminder to certify and/or approve time statements in accordance with our requirements. Until such alert is created, DOTD Human Resources will create a process that will allow greater oversight of the Time Administrators and payroll auditors.
- DOTD Human Resources will work with the DOTD Internal Auditor to ensure any timekeeping audits include testing which will aid in providing oversight to this process.

Our Human Resources Director, Michelle Sanders, or her designee, is responsible for implementing the items noted above to ensure compliance from Time Administrators throughout the Department.

Audit Findings – Electronic Payroll Certifications and Approvals

February 12, 2021

Page 3 of 6

Thank you for the opportunity to respond to this audit finding and to have this Management Response Letter included in the final audit report. Please feel free to contact me at (225) 379-1200 or Barry Keeling, Undersecretary at (225) 379-1270 should you have any questions.

Sincerely,



Shawn D. Wilson, Ph.D.
Secretary

SDW:MS:ygm

Attachment

cc: Mr. Barry Keeling
Mr. Don Johnson
Ms. Lesha Woods

Attachment

From the DOTD Administrative Manual 3.1.7

Electronic Time Statement Certification (eCertification) Information:

Employee Process

- On Payroll Monday after 1:00 pm, employees with the eCert role will be able to log into LEO, select the time statement that needs to be reviewed, and choose **Certify** or **Decline**. The message column will state “No Action Taken” for each pay period that needs to be certified. The Detailed Time Statements are under My Time >Detailed Time Statements. *It may not occur for the first pay period enrolled; however, as a reminder, the employee will receive an e-mail notification that the statement is available for certification.*
- If certified, an e-mail will be sent to the approver stating that the time statement has been certified. The notification will state the specific pay period and employee.
- If declined, the employee should contact the Time Administrator and/or supervisor to have the time entries corrected. To prevent the need for Prior Pay Period Adjustments, the statement should be reviewed before the close of Payroll Monday, so that any necessary corrections may be made before payroll processing.
- Action on the time statement must be taken by 10:00 pm on Wednesday of pay week. If no action is taken by this time, the time statement will be locked, preventing certification.
- Employees that need to take action on a time statement(s) that has been locked (employee returns from FMLA leave, returns from vacation, etc.) are required to contact their Time Administrator or HR, who will need to unlock the statement(s) via LaGov transaction ZP241. If the statements are unlocked and no action is taken by the following Wednesday of pay week, it will automatically be locked again.

Approver Process

- On Payroll Monday after 1:00 pm, approvers will be able to log into LEO under My Time> Approve eTime Statements to approve/reject an employee’s time statement. This action can only take place after the employee has certified their time statement. If approval or rejection is attempted prior to the employee’s certification on Payroll Monday, the approver will receive an error message. After Payroll runs Monday night, approvers can then approve time statements that have not yet been certified. Once the employee returns to work, he/she should promptly (**within two (2) business days**) certify any pending statements. If the employee is not expected to return to work due to a separation, the approver should add a comment in the Approver Notes section stating this as the reason not certified by the employee.
- If rejected, the supervisor will need to contact the Time Administrator and have the time entries corrected. If this occurs after Payroll Monday, a Prior Pay Period Adjustment form should be completed and submitted to HQ HR (or the District Business Office) for correction.
- The approval screen will track a percentage of certified time statements complete for that approver’s employees.
- Action on the time statement must be taken by 10:00 pm on Wednesday of pay week. If no action is taken by this time, the time statement will be locked, preventing approval. Approvers that need to take action on a time statement(s) are required to contact their Time

Administrator or HR, who will need to unlock the statement(s) via LaGov transaction ZP241. If the statements are unlocked and no action is taken by the following Wednesday of pay week, it will automatically be locked again.

Time Administrator Process

1. The Time Administrator (TA) must print the ZT37, DOTD Time Entry Worksheet, **with the Display Planned Working Hours report option selected**, on Payroll Monday. If a separated employee appears on the ZT37 the pay period after the effective date of the separation, the Time Administrator must notify HR immediately, to verify that the separation has been processed, so that no overpayment occurs.
2. In lieu of obtaining time statements, the TA must use the ZT20, Time Workflow Audit Report, to verify the following information:

- Use of correct overtime codes
- Type of leave (i.e. LA, LB) matches Requester notes
- Times indicated match the amount of leave/overtime
- Appropriate costing for employees charging to WBS Elements or Orders, as applicable

Note: The auto-post process occurs between noon and 1:00 p.m. on Payroll Monday and automatically posts to employee time files any pending entries that did not obtain action from the supervisor by noon, so the ZT20 should be generated after 1:00 p.m., to ensure that all entries are captured.

3. If errors in informational items (i.e. AM/PM and actual times of leave/overtime) are identified through the ZT20, these do not impact the employee's time file and cannot be corrected in the payroll system. The TA must print a hard copy of the employee's time statement, using LaGov transaction ZT24e, and the employee and supervisor must make the correction on the time statement and initial. The time statement must then be maintained with the pay period time records, along with the ZT20 and ZT37.

Note: Errors in items which affect the time file (i.e. wrong amount or type of leave/overtime) must be corrected by the TA in PTMW on Payroll Monday, with appropriate documentation, to prevent the need for a Prior Period Time Adjustment.

4. On the Tuesday following Payroll Monday, the TA must again print the ZT37 and forward all information (both ZT37 reports, ZT20, and any corrected time statements) to the employee who performs the post-audit. (This must be someone who does not have time entry access.)

5. If the auditor finds an error after Payroll Monday, the TA must complete and submit a Prior Period Time Adjustment to the appropriate location (District Business Office or HQ Payroll) for correction. Once the Prior Period Time Adjustment is processed, both the employee and supervisor must recertify the time statement. Once the post-audit of the payroll packet is completed, the auditor must sign and date the ZT37. The TA must file the time records by pay period and maintain for the current calendar year, plus a period of three (3) calendar years.

- Time Administrators must use LaGov transaction ZP241 to audit certification progress and identify:
 - Employees who have/have not certified or declined
 - Approvers who have/have not approved or rejected
 - Locked timesheets

- Employees who have Prior Pay Period Adjustments (*Changed After*)
- Time statements may still be printed and signed, if necessary, via LaGov transaction ZT24e.
- A Prior Pay Period Adjustment form (PPA) must be submitted when making a correction to an employee's time. The ADA or Section Head must approve the PPA before processing.

When PPAs are processed by HQ HR or the District Business Office, the employee will receive an e-mail indicating that the time statement has been changed after it was certified. ***Employees are required to recertify, thereby restarting the process.*** PPAs will not alter the original detail on the time statement that has been stored. When PPA entries are made, a second version of the timesheet is created and the PPA entries will be reflected in an Adjusted Time and Attendance box on the time statement. This box will show all current entries on the Time File. The second version of the timesheet is also stored and available for printing, if needed.



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

John Bel Edwards, Governor
Shawn D. Wilson, Ph.D., Secretary

March 3, 2021

Mr. Thomas H. Cole, CPA
Temporary Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804

**RE: Department of Transportation and Development
Audit Finding – Untimely Submission of Summary of Samples and Test Results
Form**

Dear Mr. Cole:

The Department is in receipt of your single audit finding entitled “Untimely Submission of Summary of Samples and Test Results Form.” I appreciate the opportunity to respond to the finding and also to have my response letter included as an attachment in the final report.

The Department concurs with the finding. The Summary of Samples and Test Results Form (Form 2059) has been modified and designated as the Audit of Testing and Materials (ATM) which is a part of the final documents submitted for close out of construction projects. While the Department has not identified any quality assurance issues with projects, the final documents were not submitted within the required time frame which could cause a delay in validating that sampling and test results were completed in accordance with the Quality Assurance Program. District Project Engineers are responsible for the timely submission of this information which is compiled into the final close out process performed by Construction.

To remediate this issue, the Construction Section will perform the following:

- The Section will formally notify the respective supervisory staff, the District Area Engineers, and the District Administrators of this issue regarding the delayed submissions and the importance of timely compliance upon completion of this audit.
- The Section will continue to produce a late projects report and notify the District Project Engineers of projects that have surpassed the allowable submission date and instruct appropriate parties to submit the delayed information as soon as possible.
- The Section will include audit finding and the requirements for timely submittal as an agenda item for the annual statewide meetings with District personnel, as allowed with ongoing COVID-19 restrictions.
- The Section will continue to pursue the development, testing, and implementation of the “Headlight Materials and Sampling Plan” system. This system will allow real time sampling and testing results for all projects. Since all information is digital, this should aid in completing the Audit of Testing and Materials Form more timely. Additionally,

the risk of late submittal is also minimized as the system will notify Construction once quantities and results are input into the system and immediate feedback can be given if additional testing of samples is required. This system is planned to be implemented statewide by July 2021.

District Management will implement the following controls to ensure timely submittal of the information:

- Operations Executive Management will send emails to the District Administrators and the Area Engineers at the conclusion of the audit with specific instructions to give top priority to ensure all required work is completed on time. Additional follow-up will be made with the responsible staff accordingly.
- Management will evaluate potential changes in the work process for those projects remaining to be completed outside of the “Headlight” system to allow more timely processing where necessary.
- Management will work with Construction to continue with the testing and implementation of the “HeadLight” project.

Thank you for the opportunity to respond to this audit finding and to have this Management Response Letter included in the final audit report. Please feel free to contact me at (225) 379-1200 or Barry Keeling, Undersecretary at (225) 379-1270 should you have any questions.

Sincerely,



Shawn D. Wilson, Ph.D.
Secretary

SDW:MS:nr

cc: Mr. Chris Knotts, PE
Mr. Barry Keeling
Mr. Vince Latino, PE
Mr. Don Johnson
Mr. Mike Vosburg, PE
Ms. Lesha Woods

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Transportation and Development (DOTD) for the period from July 1, 2019, through June 30, 2020, to provide assurances on financial information significant to the State of Louisiana's Comprehensive Annual Financial Report, and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, were a part of the audit of the Comprehensive Annual Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2020.

- We evaluated DOTD's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to DOTD.
- Based on the documentation of DOTD's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the Comprehensive Annual Financial Report.
- We performed procedures on the Highway Planning and Construction Cluster (CFDA 20.205, 20.219) for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We compared the most current and prior-year financial activity using DOTD's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DOTD's management for significant variances.

The purpose of this report is solely to describe the scope of our work at DOTD and not to provide an opinion on the effectiveness of DOTD's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review DOTD's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. DOTD's accounts are an integral part of the state of Louisiana's Comprehensive Annual Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.