



Report Highlights

Department of Transportation and Development

Audit Control # 80200100
Financial Audit Services • March 2021

Why We Conducted This Audit

We performed certain procedures at the Department of Transportation and Development (DOTD) as a part of the Comprehensive Annual Financial Report of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate DOTD's accountability over public funds for the period July 1, 2019, through June 30, 2020.

General Fund (GF) 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 (UNC PROP) 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; RS 9:165; RS 48:196; RS 48:27; www.fhwa.dot.gov; LA Constitution Article 7, Section 27; www.whitehouse.gov

What We Found

- DOTD did not have adequate controls in place to ensure that all electronic time sheets were certified and approved timely.
- DOTD did not have adequate controls in place to ensure that close-out documentation for federal projects was submitted timely.
- DOTD resolved the prior-year finding related to Noncompliance and Inadequate Controls Related to Highway Planning and Construction Cluster Subrecipient Monitoring.
- Financial information relating to the following accounts was materially correct: Capital Outlay Escrow - infrastructure, construction-in-progress, right-of-way, expenditures, and accounts payable; Transportation Trust Fund - federal revenue (progress billings); and Engineering and Operations - classification of operating and capital grant revenues.
- We audited the Highway Planning and Construction Cluster federal program. In addition, we performed procedures on the information submitted for the preparation of the state's Schedule of Expenditures of Federal Awards and the Summary Schedule of Prior Audit Findings for the year ended June 30, 2020.

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Department of Transportation and Development

What We Found (Cont.)

As shown in the chart, 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.

Five-Year Trend of DOTD Capital Outlay Significant Funding Sources, by Fiscal Year (FY)
Source: FY 2016–2020 DOTD Capital Outlay Annual Fiscal Reports

