



Report Highlights

Department of Transportation and Development

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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 Report of the State of Louisiana, and to evaluate DOTD's accountability over public funds for the period July 1, 2018, through June 30, 2019.

General Fund (GF) is the principal operating fund of the state and was 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 a special fund that 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.

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; LA Constitution Article 7, Section 27;
www.whitehouse.gov

What We Found

- DOTD did not have adequate controls in place to ensure that documentation relating to its quality assurance program was completed timely for federal projects.
- DOTD did not adequately monitor subrecipients of the Highway Planning and Construction Cluster, resulting in the following:
 - DOTD did not timely obtain payment documentation for two (10%) of 20 advance payments reviewed in accordance with DOTD policy.
 - DOTD did not properly evaluate the risk of three (30%) of the ten subrecipients reviewed. Furthermore, DOTD does not evaluate the risk of state subrecipients, only non-state subrecipients.
 - Two (20%) of the 10 subrecipients reviewed did not have documentation of DOTD verifying that the subrecipient was not suspended or debarred.
 - In a review of 10 subrecipients, DOTD could not provide documentation that two (20%) of the subrecipient audit reports were reviewed or that management decisions were issued for any findings to ensure timely and appropriate corrective action by subrecipients.

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What We Found (Cont.)

As shown in the chart, federal funds provided \$668.4 million (71%) of the significant fund sources for the capital outlay program in fiscal year 2019. There was an \$81 million increase (14%) in federal funds and a \$37 million increase (33%) in the Transportation Trust Fund for fiscal year 2019. These increases were primarily caused by increased project expenditures relating to new road construction, bridge rehabilitation, and planning costs. In addition, there was an \$86 million increase in general fund non-recurring revenues for fiscal year 2019 due to appropriations in the capital outlay budget. Finally, the projects funded by the State Highway Improvement Fund are nearing completion, resulting in a decrease of \$18 million in fiscal year 2019.

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

Source: FY 2015–2019 DOTD Capital Outlay AFRs

