

# STATE OF LOUISIANA

**Department of Transportation  
and Development  
State of Louisiana  
Baton Rouge, Louisiana**

February 11, 2004



---

---

**LEGISLATIVE AUDITOR**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Ten copies of this public document were produced at an approximate cost of \$17.90. 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 Web site at [www.la.state.la.us](http://www.la.state.la.us). When contacting the office, you may refer to Agency ID No. 3366 or Report ID No. 03601191 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 Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**DEPARTMENT OF TRANSPORTATION  
AND DEVELOPMENT  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

Management Letter  
Dated February 2, 2004

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 has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

February 11, 2004



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

February 2, 2004

**DEPARTMENT OF TRANSPORTATION  
AND DEVELOPMENT  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2003, we considered the Department of Transportation and Development's (DOTD's) internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the department's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Report of DOTD is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on DOTD for the year ended June 30, 2002, dated February 12, 2003, we reported findings relating to untimely closing of projects, thefts not properly reported, and property improvement inventory not adequate. The finding relating to untimely closing of projects has not been resolved and is addressed again in this letter. The remaining findings have been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2003.

**Untimely Closing of Projects**

DOTD did not close certain completed construction projects within two years after final acceptance. The departmental *Engineering Directives and Standards Manual* directive dated December 14, 2001, requires that all construction and associated projects (engineering, utilities, and right-of-way) be closed within two years after the final acceptance date. Final acceptance is defined as a project being ready and available for public use. A good system of internal control would include procedures to close projects in accordance with the departmental directive.

LEGISLATIVE AUDITOR

DEPARTMENT OF TRANSPORTATION  
AND DEVELOPMENT  
STATE OF LOUISIANA

Management Letter, Dated February 2, 2004  
Page 2

At June 30, 2003, DOTD has not closed 193 construction projects that were completed before June 30, 2001. Total funds (federal and state) committed to the 193 projects were \$113,456,332 and total expenditures were \$101,403,309. The remaining \$12,053,023 committed on these projects are not available for other projects until these projects are closed. This condition occurred because the Project Control Section either did not receive adequate information to close the projects or did not process the information it did receive in a timely manner. This is the sixth year that a finding of this nature has been reported.

DOTD should close completed construction projects within two years after final acceptance. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A).

The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the department. The nature of the recommendation, its implementation cost, and its potential impact on the operations of the department should be considered in reaching decisions on courses of action. This finding relates to the department's compliance with applicable laws and regulations and should be addressed immediately by management.

This letter is intended for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document and it has been distributed to appropriate public officials.

Respectfully submitted,



Grover C. Austin, CPA  
First Assistant Legislative Auditor

LJD:BQD:THC:ss

[DOTD03]

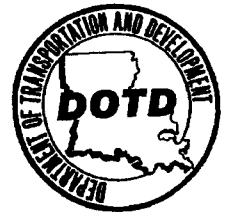
## Appendix A

# Management's Corrective Action Plan and Response to the Finding and Recommendation



KATHLEEN BABINEAUX BLANCO  
GOVERNOR

STATE OF LOUISIANA  
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT  
P.O. Box 94245  
Baton Rouge, Louisiana 70804-9245  
www.dotd.louisiana.gov



KAM K. MOVASSAGHI  
SECRETARY

January 15, 2004

Mr. Grover C. Austin, CPA  
First Assistant Legislative Auditor  
Office of the Legislative Auditor  
1600 North Third Street  
Baton Rouge, Louisiana 70804-9397

FINDING: Untimely Closing of Projects

Dear Mr. Austin:

I have received your letter dated October 3, 2003 and the Department concurs with the finding.

Significant progress continues to be made in this area. The basic challenge remains addressing the huge volume of projects with a modest staff. We have submitted a request for a "workload adjustment" of three additional positions in our 04-05 budget submission for the specific purpose of addressing the backlog of closed projects.

The Department will continue its practice of identifying and expediting closure of those projects where substantial funds would be released, thus making them available for use on additional projects.

Sincerely,

Kam K. Movassaghi, Ph.D., P.E.  
Secretary