

GREATER NEW ORLEANS EXPRESSWAY COMMISSION



COMPLIANCE AUDIT
ISSUED MARCH 11, 2009

**LEGISLATIVE AUDITOR
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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 and New Orleans offices of the Legislative Auditor.

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

March 11, 2009

Mr. Robert J. Lambert, General Manager
Greater New Orleans Expressway Commission
Post Office Box 7656
Metairie, Louisiana 70010

Dear Mr. Lambert:

This audit was conducted pursuant to House Concurrent Resolution No. 126 (Resolution) of the 2008 Regular Session and in accordance with Title 24 of the Louisiana Revised Statutes.

In accordance with the Resolution, this office examined the following areas: payment of the proper toll by motor vehicles driven through the toll collection facility, the toll collection process, and other concerns brought to our attention during this audit. The independent certified public accountant engaged by the Greater New Orleans Expressway Commission (GNOEC), and approved by my office, issued a report that addresses the GNOEC's financial statements and expenditures of toll collections.¹ The Louisiana Office of State Inspector General investigated contract expenditures for the maintenance, improvement, and restoration of the Causeway, as well as other areas of concern.² The Resolution also requested the Legislative Auditor conduct a performance audit of your agency. Planning has started for the performance audit and a separate report will be issued at a later date.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required of an audit by *Government Auditing Standards*; therefore, we are not offering an opinion on GNOEC's financial statements or system of internal control nor assurance as to compliance with laws and regulations. The results of our audit are listed below for your consideration.

State law prohibits travel over the expressway without payment of the proper toll. However, state law exempts certain commuters from payment of the toll. These exemptions specifically include law enforcement personnel, firemen, disabled veterans, and national guardsmen. In addition, state law provides an exemption for any marked public vehicle. Based on interviews with GNOEC employees and examination of GNOEC records, it appears that the GNOEC is granting exemptions of toll fees as authorized by state law.

¹ [http://app1.la.state.la.us/PublicReports.nsf/1084D8385DD5A29B8625746300731709/\\$FILE/000013B4.pdf](http://app1.la.state.la.us/PublicReports.nsf/1084D8385DD5A29B8625746300731709/$FILE/000013B4.pdf)

² See Appendix A.

Mr. Robert J. Lambert, General Manager
March 11, 2009
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GNOEC records indicate that approximately \$17,143,510 in tolls were collected in fiscal year ended October 31, 2008. Based on interviews with GNOEC personnel and review of GNOEC records, it appears that the toll collection process is effectively controlled. There is adequate segregation of duties, deposits are made timely, and there is a systematic review process for toll collections. In addition, we performed some limited testing of toll collections, which resulted in no material discrepancies.

This correspondence represents the results of our audit and is intended primarily for the information and use of management of the GNOEC. I trust this information will assist you in the efficient and effective operations of the office. Should you have any questions, please contact me at (225) 339-3839 or Mr. Dan Daigle, Assistant Legislative Auditor, at (225) 339-3808.

Sincerely,



Steve J. Theriot, CPA
Legislative Auditor

GD:KK:DD:dl

Appendix A

BOBBY JINDAL
GOVERNOR



STEPHEN B. STREET, JR.
STATE INSPECTOR GENERAL

State of Louisiana
Office of the Governor
Office of State Inspector General

October 29, 2008

Mr. Kyle France
Chairman
Greater New Orleans Expressway Commission
P.O. Box 7656
Metairie, LA 70010

Re: Case No. 1-09-0001

Dear Mr. France,

My office recently investigated several complaints concerning the Greater New Orleans Expressway Commission, including allegations that the GNOEC was engaging in transactions with related parties, and had made improper payments to a consultant.

The scope of this investigation was limited to specific allegations received by the Office of Inspector General. The investigation consisted of witness interviews, review of check registers, requisitions, bank statements, invoices, contracts, other pertinent documents and applicable laws and regulations.

Based on our interviews and documents obtained by my office, we found that there was not sufficient evidence to validate the specific complaints received by my office. However, during the course of the review, other matters came to our attention that I feel need to be brought to your attention so that you can address them in the manner you deem appropriate.

Our investigation revealed incidents where the contracted Risk Manager for the GNOEC was paid more than the amount provided for in the contract. Also, GNOEC staff and the Risk Manager/Agent of Record were unable to produce copies of contracts covering all periods under review.

Our investigation also revealed that the GNOEC donated funds to the City of Mandeville for landscaping and fencing around a tree. There was no written contract designating what the City of Mandeville was supposed to provide in return for the funding, and although almost a year had passed since the funds were paid to the City of Mandeville, the City of Mandeville had not completed the landscaping or returned the remaining funds to the GNOEC as of the time of our investigation.

Kyle.France
Chairman
Greater New Orleans Expressway Commission
October 24, 2008
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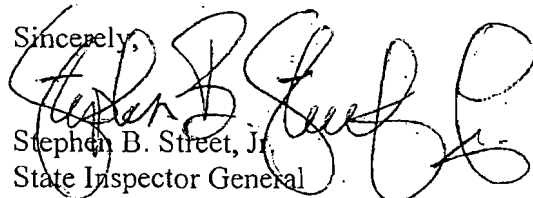
Additionally, it was brought to my attention during the course of this investigation that services provided to the GNOEC by its investment advisor might be achieved more economically through use of the State Treasurer's Office.

We will be closing our file on these allegations, but offer the following comments and suggestions for improving the function of the GNOEC:

1. GNOEC should establish procedures to ensure that all contracts are negotiated timely, that any contracts, renewals, or contract extensions requiring Commission approval are brought before the Commission early enough to allow review of such by the Commission members prior to execution, and that copies of all contracts are maintained at GNOEC offices.
2. GNOEC should establish procedures to ensure that contractors and/or consultants are not paid more than authorized by contracts. All contracts should include an option for GNOEC and/or its representatives to access the contractor's records for purposes of audit, and regular audits should be conducted by GNOEC or its representatives.
3. GNOEC should establish procedures to ensure that a written agreement is entered into prior to the payment of funds to any government entity for joint projects. These agreements should set forth what each party is responsible for and what the benefit is to the GNOEC for such expenditures.
4. GNOEC should look into the possibility that the Office of the Treasurer might be able to provide certain financial services to the GNOEC more economically than the current consultant.

I appreciate the cooperation that your agency extended to my office. This letter serves as notice that we are taking no further action in this matter. If you have questions or wish to discuss the matter further, please feel free to call me at (225) 342-4262 or email me at Stephen.Street@la.gov.

Sincerely,



Stephen B. Street, Jr.
State Inspector General

SBS/VB

cc: Mr. Timmy Teepell
Mr. Jimmy Faircloth
Mr. Steve J. Theriot