

**COPY**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**REPORT ON THE FISCAL YEAR 1998  
AUDIT OF DISTRICT OF COLUMBIA  
PROJECTS FUNDED BY THE  
FEDERAL HIGHWAY ADMINISTRATION**

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**REPORT ON THE FISCAL YEAR 1998 AUDIT OF  
DISTRICT OF COLUMBIA PROJECTS  
FUNDED BY THE FEDERAL HIGHWAY ADMINISTRATION**

**I. INTRODUCTION**

Since 1982, the Office of the Inspector General (OIG) has provided audit support to assist the Department of Public Works (DPW) in closing out District highway projects and collecting amounts due from the U.S. Department of Transportation's Federal Highway Administration (FHWA). As a result of this initiative, 892 highway projects costing \$994 million have been audited by OIG staff and closed by the DPW. These audits have resulted in the DPW's recovery of \$18 million from the FHWA between June 1982 and October 1998 (Attachment 5). In addition, we identified \$45 million in obligated FHWA funds, which were used and made available for use on other District highway projects. This amount represents cost underruns versus obligated amounts.

This report summarizes the results of our work performed during fiscal year (FY) 1998 on highway projects jointly funded by DPW and FHWA. The purpose of the audit was to validate the cost of completed projects for closeout with the FHWA, and to identify amounts owed to the District by the FHWA for those projects as a result of adjustments made during the closeout process.

The Single Audit Act of 1984 established requirements for audits of states, local governments, and Indian tribal governments that administer Federal financial assistance programs. In 1985, the Office of Management and Budget (OMB) issued OMB Circular A-128, "Audits of State and Local Governments," to provide implementing guidance. In 1990, OMB administratively extended the single audit process to non-profit organizations by issuing OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Organizations." This annual audit of completed FHWA projects supplements the annual single audits performed by a CPA firm and the annual (since FY96) audit of the District's Highway Trust Fund by the General Accounting Office.

**II. BACKGROUND**

Annually, the DPW submits obligation plans to the FHWA requesting Federal funds for specific highway projects. After a project is authorized by the FHWA, the DPW contracts with companies, on a competitive basis, to perform the work on the project. At that time, the FHWA obligates Federal funds to cover its share of project costs. The DPW then obligates funds to cover the District's share of the costs.

The District government pays project costs up front. The FHWA then makes payments to the DPW on a reimbursable basis as the project progresses. The FHWA reimbursements are based on ratios ranging from approximately 50 to 100 percent of the participating (allowable) project costs. As disbursements are made, the District's computerized billing system automatically generates a claim for reimbursement

from the FHWA for its share of project costs. District and FHWA funds remain obligated throughout the life of the project until all funds are used, or until the project is completed and closed. Once a project is closed, any remaining funds in a current appropriation category can be de-obligated and used for new or existing transportation projects. If the appropriation category is no longer current, then the de-obligated funds can only be used for overruns within the same category and not to set up new obligations.

### **III. SCOPE AND METHODOLOGY**

For the period October 1, 1997 through September 30, 1998, we reviewed DPW project records to identify completed FHWA-funded projects that required closeout. We also identified conditions preventing the closeout of projects under which work has been completed. Our examination was made in accordance with pertinent provisions of the U.S. Code of Federal Regulations, Title 23, Highways, and the U.S. Department of Transportation, Federal Highway Administration and, Federal Aid Policy Guide issued in 1991. In addition, the audit was conducted according to generally accepted government auditing standards and included such tests, as we considered necessary.

### **IV. FINDINGS**

Our FY 1998 audit of the 51 District of Columbia highway projects showed that DPW spent \$8.6 million less than what was obligated for these projects. Closeout of 22 completed but not closed projects could potentially result in the release of an additional \$4.3 million in Federal funds. Therefore, a total of \$12.9 million could be used for other highway projects in the District.

During FY 1998, we reviewed 51 highway projects with total costs of \$110 million. Our audits of these projects showed that the DPW overbilled the FHWA by \$593,049 for 24 projects, and underbilled by \$1,075,988 for 17 projects, which required adjustments totaling \$1,669,037 prior to the District's submission of final claims to the FHWA. No adjustments were required for 10 projects. The DPW has completed all adjustments. All 51 final claims, resulting in a net \$482,938 due to the District, have been processed by the FHWA. The review of the 51 projects showed that DPW spent \$8.6 million less than what was obligated in Federal Funds. Therefore, these funds could be reprogrammed into other District highway projects.

In our last report, "Report on the FY 1997 Audit of District of Columbia Projects Funded by the Federal Highway Administration"; the OIG noted that 39 Completed highway contracts were awaiting closeout, some for as long as 10 years. During fiscal year 1998, the DPW closed out 17 of these contracts, leaving 22 remaining to be closed. Closeout of the remaining projects could potentially result in the release of approximately \$4.3 million in Federal funds, which the District government could use for existing or new highway projects. These funds represent the difference between amounts obligated for the highway projects and amounts actually spent.

As seen in Attachment 3, as of September 30, 1998, 9 contracts could not be closed out until DPW engineers prepared final invoices to pay contractors and secured releases from the contractors. Closeout of these projects could potentially free \$1.5 million of Federal fund underruns. As seen in Attachment 2, as of September 30, 1998, closeout of another 13 contracts was delayed for a number of reasons, including the failure of contractors to return releases, and final invoices not being paid. Closeout of these projects could potentially release an additional \$2.8 million of Federal fund underruns.

## **V. RECOMMENDATIONS**

Over the last two fiscal years, the DPW has made substantial progress in closing out completed projects. However, further action is necessary to expedite closeout of the remaining projects, many of which were completed in the late 1980's and early 1990's. Accordingly, the OIG recommended that the Director, DPW: (1) take immediate action to close out the remaining projects listed in Attachments 2 and 3, giving priority to the oldest; and (2) establish an automated system to follow up on the status of completed projects contracts to ensure that they are closed out in a timely manner.

DPW concurs with the audit's recommendations and will continue to take every action possible to close those projects that can be closed so that the remaining fund underruns can be reprogrammed. In the past 2 years, DPW has made substantial progress in closing FHWA projects totaling over \$194 million. Many of the older projects remain open because of the absence of historical cost data, which must be reconstructed, or because of a pending final payment and/or release from the contractor. In addition, the implementation of the new FMS will meet the requirements for an automated system for project status follow-up.

## **VI. STATUS OF PREVIOUS RECOMMENDATIONS**

The following is a status report on the DPW's response to recommendations made in our last report, "Report on the Fiscal Year 1997 Audit of District of Columbia Projects Funded by the Federal Highway Administration."

1. We recommended that the Director, DPW, take immediate steps to closeout the 39 completed highway projects listed in Attachments 2 and 3, giving priority to the oldest.

The DPW's progress has been noted in this report. During FY 1998, DPW assigned several engineers to work on closing completed projects, including the preparation and submission of final payment requests on all completed capital projects.

2. We recommended that the Director, DPW, establish an automated system to follow up on the status of completed projects contracts to ensure that they are closed in a timely manner, and that any excess funds are made available for use on other District highway projects.

The DPW maintains a computerized inventory of physically completed, but not closed, capital grants. It is expected that the new FMS will accommodate certain contract information, not automatically available in the current FMS. This should make it easier to track physically completed projects. The capital part of the new FMS is not fully operational as of 9/30/98.

## ATTACHMENT 1

## FHWA PROJECTS AUDITED DURING FISCAL YEAR 1998

|    | DATE AUDIT<br>COMPLETED | FEDERAL AID<br>PROJECT NUMBER | TOTAL<br>PROJECT<br>COST | FINAL CLAIMS<br>PER AUDIT<br>UNDERBILLED/<br>(OVERBILLED) | ACTUAL<br>GRANT FUND<br>UNDERRUNS/<br>(OVERRUNS) | STATUS<br>OF COST |
|----|-------------------------|-------------------------------|--------------------------|---|--|-------------------|
| 1  | 11/12/97                | IX-1112(11)                   | \$481,931                | \$0   | \$108,858  | Final             |
| 2  | 11/14/97                | IX-9999(491)                  | \$129,371                | (\$3,231)   | \$6,829  | Final             |
| 3  | 11/25/97                | BR-1501(22)                   | \$2,401,348              | (\$3,671)   | \$46,384   | Final             |
| 4  | 12/09/97                | STP-4000(61)                  | \$5,085                  | \$0   | \$1,915  | Final             |
| 5  | 12/16/97                | SPR-PL-2(35)                  | \$848,258                | (\$8)   | \$145,541  | Final             |
| 6  | 12/19/97                | IR-295-2(125)                 | \$97,742                 | \$36  | \$0  | Final             |
| 7  | 12/23/97                | HES-9999(600)                 | \$15,601                 | (\$1,121)   | \$19,607   | Final             |
| 8  | 01/16/98                | IR-695-3(34)                  | \$427,925                | \$1   | \$0  | Final             |
| 9  | 01/23/98                | STP-4236(1)                   | \$19,480                 | (\$1,193)   | \$11,145   | Final             |
| 10 | 02/02/98                | M-9999(236)                   | \$490,897                | \$0   | \$38,162   | Final             |
| 11 | 02/11/98                | IX-9999(275)                  | \$897,561                | (\$714)   | \$20,671   | Final             |
| 12 | 02/18/98                | FZ-9999(408)                  | \$1,440,871              | \$6,445   | \$326,055  | Final             |
| 13 | 02/24/98                | STPG-9999(752)                | \$2,300                  | \$0   | \$15,638   | Final             |
| 14 | 02/25/98                | BR-NBIS(113)                  | \$6,929                  | (\$6,558)   | \$22,456   | Final             |
| 15 | 03/09/98                | NH-1501(25)                   | \$795,763                | \$183   | \$84,455   | Final             |
| 16 | 03/20/98                | IX-1113(11)                   | \$846,799                | \$4,100   | \$19,811   | Final             |
| 17 | 04/06/98                | FZ-1405(4)                    | \$2,292,638              | (\$1,532)   | \$117,857  | Final             |
| 18 | 04/09/98                | IX-9999(701)                  | \$658,758                | (\$930)   | \$110,974  | Final             |
| 19 | 04/15/98                | IX-9999(480)                  | \$41,537                 | (\$1,182)   | \$2,023  | Final             |
| 20 | 04/20/98                | BH-3120(2)                    | \$411,651                | (\$7,360)   | \$300,384  | Final             |
| 21 | 04/22/98                | BH-1112(2)                    | \$399,633                | \$19,183  | \$36,719   | Final             |
| 22 | 04/23/98                | M-4139(1)                     | \$314,518                | (\$164)   | \$14,710   | Final             |
| 23 | 04/28/98                | FZ-9999(386)                  | \$629,242                | (\$641)   | \$55,920   | Final             |
| 24 | 05/06/98                | M-4127(2)                     | \$127,474                | \$41  | \$4,034  | Final             |
| 25 | 05/11/98                | IR-395-1(139)                 | \$2,145,154              | \$14,486  | \$348,206  | Final             |
| 26 | 05/20/98                | M-4140(1)                     | \$173,363                | \$0   | \$1,669  | Final             |
| 27 | 05/29/98                | COG-95(1)                     | \$98,924                 | \$0   | \$1,076  | Final             |
| 28 | 05/29/98                | CMS-X373(2)                   | \$107,736                | \$0   | \$13,812   | Final             |
| 29 | 06/02/98                | M-3126(7)                     | \$431,481                | (\$333)   | \$42,099   | Final             |
| 30 | 06/04/98                | M-4203(1)                     | \$28,607                 | 0   | 0  | Final             |
| 31 | 06/11/98                | M-4136(3)                     | \$2,262,881              | \$157,476   | (\$72,575)                                       | Final             |
| 32 | 06/12/98                | STP-4203(2)                   | \$163,760                | \$7,951   | (\$7,950)  | Final             |
| 33 | 06/17/98                | IR-695-3(43)                  | \$845,480                | \$52,207  | (\$52,206)                                       | Final             |
| 34 | 06/23/98                | HES-9999(608)                 | \$5,155                  | (\$448)   | \$18,277   | Final             |
| 35 | 06/25/98                | STPG-9999(825)                | \$23,201                 | (\$483)   | \$10,581   | Final             |
| 36 | 06/26/98                | STPG-9999(734)                | \$233,754                | \$0   | \$3,246  | Final             |
| 37 | 07/09/98                | STP-9999(720)                 | \$108,555                | (\$1,377)   | \$18,597   | Final             |
| 38 | 07/14/98                | STP-2102(1)                   | \$6,591                  | \$0   | \$8,598  | Final             |
| 39 | 07/16/98                | STP-9999(731)                 | \$113,692                | \$80  | \$6,372  | Final             |
| 40 | 07/30/98                | IR-3951(136)                  | \$12,806,708             | \$151,842   | \$689,034  | Final             |

|           | <b>DATE AUDIT<br/>COMPLETED</b> | <b>FEDERAL AID<br/>PROJECT NUMBER</b> | <b>TOTAL<br/>PROJECT<br/>COST</b> | <b>FINAL CLAIMS<br/>PER AUDIT<br/>UNDERBILLED/<br/>(OVERBILLED)</b> | <b>ACTUAL<br/>GRANT FUND<br/>UNDERRUNS/<br/>(OVERRUNS)</b> | <b>STATUS<br/>OF COST</b> |
|-----------|---------------------------------|---------------------------------------|-----------------------------------|---|--|---------------------------|
| 41        | 07/31/98                        | IR-6953(44)                           | \$39,312,821                      | (\$214,491)   | \$4,088,550  | Final                     |
| 42        | 08/06/98                        | FZ-1102(12)                           | \$8,468,015                       | (\$22,984)  | \$408,515  | Final                     |
| 43        | 08/12/98                        | IR-9999(591)                          | \$575,298                         | (\$1,500)   | \$20,748   | Final                     |
| 44        | 08/12/98                        | HES-9999(592)                         | \$540,566                         | (\$789)   | \$27,534   | Final                     |
| 45        | 08/26/98                        | STP-9999(750)                         | \$44,744                          | \$88  | \$1,414  | Final                     |
| 46        | 09/25/98                        | I-395-1(148)                          | \$5,598,575                       | \$604,770   | \$757,378  | Final                     |
| 47        | 09/25/98                        | FZ-9999(337)                          | \$2,233,801                       | (\$291,352)   | \$291,353  | Final                     |
| 48        | 10/06/98                        | BH-1102(15)                           | \$18,744,012                      | (\$18,117)  | \$385,577  | Final                     |
| 49        | 10/13/98                        | IR-66-1(64)                           | \$494,079                         | \$7   | \$65,868   | Final                     |
| 50        | 10/13/98                        | LX-3128(4)                            | \$985,201                         | (\$12,870)  | \$86,413   | Final                     |
| 51        | 10/13/98                        | STP-9999(485)                         | \$390,638                         | \$57,092  | (\$19,514)   | Final                     |
| <b>51</b> | <b>TOTAL</b>                    |                                       | <b>\$110,726,105</b>              | <b>\$482,938</b>  | <b>\$8,652,821</b>   |                           |

Summary of Final Claims Per Audit Underbilled/(Overbilled) Cost Column

|           |                              |             |
|-----------|------------------------------|-------------|
| 24        | overbilled                   | \$593,049   |
| 17        | underbilled                  | \$1,075,988 |
| <u>10</u> | no adjustment to final claim | <u>\$0</u>  |
| 51        | Total Adjustments            | \$1,669,037 |

## ATTACHMENT 2

**DISTRICT OF COLUMBIA  
DEPARTMENT OF PUBLIC WORKS  
COMPLETED CONTRACTS WITH STATUS OF ACTIONS COMPLETED AND  
REMAINING BEFORE PROJECT CLOSE-OUT**

|           | <b>DATE<br/>WORK<br/>COMPLETED</b> | <b>FINAL<br/>PAYMENT<br/>VOUCHER</b> | <b>STATUS</b> | <b>CONTR.<br/>NO.</b> | <b>VENDOR<br/>NAME</b> | <b>FINAL<br/>AMOUNT</b> | <b>PROJ.<br/>NO.</b> | <b>POTENTIAL<br/>GRANT FUND<br/>UNDERRUNS*</b> |
|-----------|------------------------------------|--------------------------------------|---------------|-----------------------|------------------------|-------------------------|----------------------|--|
| 1         | 09/30/88                           | 03/21/94                             | F             | 88-0011               | Dick Enterprises       | \$200                   | AR2/03               | \$0  |
| 2         | 06/30/92                           | 05/03/95                             | A,B,C,D       | 89-0159               | MTI Cons Co.           | \$5,648                 | AS3/11               | \$231,273                                      |
| 3         | 10/22/93                           | 06/29/95                             | A,B,D         | 88-0173               | Hull Corp.             | \$100                   | CD8/02               | \$1,447,326                                    |
| 4         | 11/17/93                           | 06/16/96                             | A,B,C,G       | 89-0150               | Fort Myer Const.       | \$221                   | CKT/10               | \$447,275                                      |
| 5         | 05/31/93                           | 05/31/97                             | E             | 91-0066               | Park-Site              | \$124                   | CET/12               | \$44,953                                       |
| 6         | 08/15/93                           | 11/12/97                             | A,B           | 89-0154               | Capitol Paving         | \$500                   | CK8/14               | \$216,709                                      |
| 7         | 09/15/93                           | 02/18/97                             | A,B,C,G       | 91-0099               | Capitol Paving         | \$2,093                 | CET/26               | \$4,200  |
| 8         | 12/11/93                           | 03/01/97                             | A,B,C,G       | 92-0022               | Park-Site              | \$100                   | CET/50               | \$148,433                                      |
| 9         | 05/15/94                           | 01/25/97                             | A,B,C,G       | 92-0034               | Fort Myer              | \$995                   | CET/53               | \$59,063                                       |
| 10        | 05/31/94                           | 10/22/97                             | A,B,C,G       | 92-0030               | Park-Site              | \$1,120                 | CET/63               | \$13,509                                       |
| 11        | 06/27/92                           | 02/17/98                             | A,B,C,G       | 89-0144               | Nazario Const          | \$9,364                 | CK8/12               | \$0  |
| 12        | 12/04/93                           | 08/29/98                             | A,H           | 91-0103               | Capitol Paving         | \$811                   | CKT/13               | \$127,336                                      |
| 13        | 04/17/94                           | 05/07/98                             | A,H           | 92-0021               | Park-Site              | \$750                   | CET/49               | \$100,184                                      |
| <b>13</b> | <b>TOTALS</b>                      |                                      |               |                       |                        | <b>\$22,026</b>         |                      | <b>\$2,840,261</b>                             |

## STATUS CODES (Actions completed &amp; remaining)

- A. Release signed and returned by contractor
- B. Final contract invoice has been paid
- C. Need audit of overhead rate on formal agreement (draft audit report issued 8/9/98)
- D. Need final invoices from railroad corporations
- E. Releases not returned by contractors
- F. Final paid but claim on second contract (cannot be closed until lawsuit is settled)
- G. Close-out audit scheduled for FY99
- H. Final payment included as part of DPW's FY98 closing packages

\* Final underrun amounts are determined after payment of final invoices and all audit adjustments are made.

## ATTACHMENT 3

**DISTRICT OF COLUMBIA  
DEPARTMENT OF PUBLIC WORKS  
COMPLETED CONTRACTS AWAITING INVOICES  
AND RELEASE DOCUMENTS**

|    | <b>CONTRACT<br/>NUMBER</b> | <b>PROJECT<br/>DESCRIPTION</b>        | <b>DATE<br/>WORK<br/>COMPLETE</b> | <b>PROJECT<br/>NUMBER</b> | <b>FEDERAL-AID<br/>PROJECT<br/>NUMBER</b> | <b>POTENTIAL<br/>GRANT FUND<br/>UNDERRUNS*</b> |
|----|----------------------------|---------------------------------------|-----------------------------------|---------------------------|---|--|
| 1  | 86-0013                    | Rehab. Minnesota Ave. NE              | 11/12/87                          | ZX3/01                    | M-4208(4)                                 | \$14,518                                       |
| 2  | 86-0110                    | 9 <sup>th</sup> St. Potomac River Br  | 07/03/88                          | CE6/24                    | IR-3951(147)                              | \$778,204                                      |
| 3  | 86-0071                    | Queens Chapel Rd Bridge               | 10/09/88                          | 116/29                    | BRM-4221(8)                               | \$143,819                                      |
| 4a | 88-0115                    | Federal Aid Channel.                  | 09/08/89                          | CI6/28                    | FZ-9999(394)                              | \$28,368                                       |
| 4b | 88-0115                    | Federal Aid Channel.                  | 09/08/89                          | CI6/29                    | M-3304(8)                                 | \$14,652                                       |
| 5  | 87-0171                    | FY87 16 <sup>th</sup> FA Resur. Cont. | 03/02/90                          | CE7/20                    | FZ-1101(11)                               | \$224,036                                      |
| 6  | 88-0161                    | McKinley St., Conn.-Neb.              | 12/31/90                          | CK7/21                    | IX-4175(2)                                | 0  |
| 7a | 88-0119                    | 16 <sup>th</sup> St. Br. Pny Br Prkwy | 01/31/92                          | CD7/16                    | BH-1103(11)                               | \$99,869                                       |
| 7b | 88-0119                    | 16 <sup>th</sup> St. Br. Pny Br Prkwy | 01/31/92                          | CD7/17                    | FZ-1103(12)                               | \$21,967                                       |
| 8a | 91-0054                    | FY91 2 <sup>nd</sup> FA Resur Cont.   | 05/15/94                          | CET/29                    | FZ-9999(446)                              | \$58,872                                       |
| 8b | 91-0054                    | FY91 2 <sup>nd</sup> FA Resur Cont.   | 05/15/94                          | CET/30                    | M-4111(1)                                 | \$4,955  |
| 9  | 92-0013                    | FY92 1 <sup>st</sup> FA Resur Cont.   | 05/15/94                          | CET/48                    | IX-9999(461)                              | \$90,221                                       |
| 9  | <b>TOTAL</b>               |                                       |                                   |                           |   | <b>\$1,479,481</b>                             |

**UPDATE OF ATTACHMENT 3**

|   |     |
|---|-----|
| CONTRACTS ON FISCAL YEAR 1997 AUDIT REPORT      | 14  |
| FINAL INVOICES PREPARED DURING FISCAL YEAR 1998 | (5) |
| BALANCE OF CONTRACTS AT END OF FISCAL YEAR 1998 | 9   |

\* Final underrun amounts are determined after preparation and payment of final invoices, and after all audit adjustments are completed.

## ATTACHMENT 4

**STATUS OF 39 CONTRACTS WITH POTENTIAL  
\$7 MILLION GRANT FUND UNDERRUNS  
REFERENCED IN ATTACHMENTS 2 & 3  
OF FY97 REPORT**

| <b>NUMBER</b> | <b>STATUS</b>                                    | <b>COST OVERRUNS</b> | <b>COST UNDERRUNS</b> |
|---------------|--|----------------------|-----------------------|
| 15            | Finals Paid, Audited & Closed FY98               |                      | \$2,770,089           |
| <u>2</u>      | Finals Paid, Audited & Closed FY98               | <u>(\$124,781)</u>   |                       |
| 17            | Sub total ( included Attachment 1) <b>ACTUAL</b> | <b>(\$124,781)</b>   | \$2,770,089           |
| 13            | Attachment 2 FY98                                |                      | \$2,840,261           |
| <u>9</u>      | Attachment 3 FY98                                |                      | <u>\$1,479,481</u>    |
| 22            | Sub Total Attachments 2 & 3 <b>POTENTIAL</b>     |                      | \$4,319,742           |
| <b>39</b>     | <b>Total Status FY98</b>                         | <b>(\$124,781)</b>   | <b>\$7,089,831</b>    |

## ATTACHMENT 5

**HISTORICAL SUMMARY OF  
FHWA PROJECTS AUDITED AND  
CLOSED SINCE 1982**

| <b>FISCAL<br/>YEAR</b> | <b>OIG AUDIT<br/>REPORT<br/>NUMBER</b> | <b>NUMBER OF<br/>FHWA<br/>PROJECTS</b> | <b>TOTAL PROJECT<br/>COST</b> | <b>FINAL CLAIMS<br/>PER 17 AUDITS<br/>UNDERBILLED/<br/>(OVERBILLED)</b> | <b>ACTUAL GRANT<br/>FUND UNDERRUNS</b> |
|------------------------|--|--|-------------------------------|---|--|
| 81                     | 003-33                                 | N/A                                    | N/A                           | \$5,521,529   | **                                     |
| 83                     | Five year                              | 100                                    | \$165,000,000                 | \$4,943,724   | **                                     |
| 84                     | Summary                                | 55                                     | \$45,650,000                  | \$1,406,639   | **                                     |
| 85                     | FY82 to                                | 50                                     | \$45,000,000                  | \$738,143   | **                                     |
| 86                     | FY86                                   | 49                                     | \$61,850,000                  | \$880,000   | **                                     |
| 87                     | 8785-01                                | 35                                     | \$45,000,000                  | \$926,576   | **                                     |
| 88                     | 8885-01                                | 66                                     | \$66,625,000                  | \$1,117,328   | **                                     |
| 89                     | 8912-01                                | 47                                     | \$74,610,000                  | \$805,027   | **                                     |
| 90                     | 9012-01                                | 103                                    | \$62,150,000                  | \$98,196  | \$6,744,012                            |
| 91                     | 9112-01                                | 94                                     | \$75,670,000                  | \$53,570  | \$10,710,436                           |
| 92                     | 9212-01                                | 52                                     | \$45,250,000                  | \$95,870  | \$4,899,357                            |
| 93                     | 9312-01                                | 50                                     | \$36,670,000                  | \$26,481  | \$3,183,255                            |
| 94                     | 9412-01                                | 48                                     | \$26,850,000                  | (\$216,000)   | \$4,634,297                            |
| 95                     | 9512-01                                | 34                                     | \$46,750,000                  | (\$142,195)   | \$3,328,738                            |
| 96                     | 9612-01                                | 1                                      | \$2,080,400                   | \$13,508  | \$11,558                               |
| 96                     | 9612-01                                | N/A                                    | \$0                           | \$955,157   | \$0                                    |
| 97                     | 9712-01                                | 57                                     | \$84,155,992                  | \$327,540   | \$3,498,522                            |
| 98                     | 9812-12                                | 51                                     | \$110,726,104                 | \$482,938   | \$8,652,820                            |
| <b>TOTALS</b>          | <b>17 YEARS</b>                        | <b>892</b>                             | <b>\$994,037,496</b>          | <b>\$18,034,031</b>   | <b>\$45,662,995</b>                    |

\*\*Did not keep record of actual grant fund underruns

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF PUBLIC WORKS  
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OFFICE OF THE DIRECTOR  
(202) 939-8000

Rec'd 11:16 am  
12/10/98 EBP/h

**MEMORANDUM**

**TO:** E. Barrett Prettyman, Jr.,  
Inspector General

**FROM:** Cellerino C. Berdarning, Director  
Department of Public Works 

**DATE:** December 7, 1998

**SUBJECT:** Comments on Draft Report – FY 1998 Audit of District of Columbia  
Projects Funded by Federal Highway Administration (OIG No. 9812-12)

This Department appreciates the opportunity to comment on the subject audit. The overall audit is acceptable and the Department agrees with the amounts and numbers shown in the Attachments.

The Department suggests the following comments to strengthen the final report:

- The word “budgeted” is used throughout the report to denote the amount set-aside for the projects. More appropriate terminology is “obligated”.
- Section I. Introduction – 2<sup>nd</sup> Paragraph, should end with “made during the closeout process.”
- Section II. Background – 1<sup>st</sup> Paragraph, “work programs” could be changed to “obligation plans”.
- Section II. Background – 2<sup>nd</sup> Paragraph, 70 to 100 percent should read 50 to 100 percent because of the Recreational Trail Program participation rate under the Intermodal Surface Transportation Efficiency Act of 1991. We agree that the original numbers cover the vast majority of projects
- Page 2 – Top of Page, add the following: Once a project is closed, any remaining funds in a current appropriation category can be de-obligated and used for new or existing transportation projects. If the appropriation category is no longer current, then the de-obligated funds can only be used for overruns within the same category and not to set up new obligations.

- Section IV. Findings – 2<sup>nd</sup> Paragraph, the reprogramming of funds is not limited to Fiscal Years 1998 and 1999, so long as the funds are not in an expired appropriation category.

The Department of Public Works concurs with the audit's recommendations and will continue to take every action possible to close those projects that can be closed so that the remaining fund underruns can be reprogrammed. Most importantly, the audit should note that we have made great strides in closing projects. Also, that many of the older projects remain open because of absence of historical cost data, which must be reconstructed, or because we are unable to complete the close-out process because of a pending final payment and/or release from the contractor. In addition, the implementation of the new FMS will meet the requirements for an automated system for project status follow-up.

Finally, we appreciate the time and thoroughness of your staff in completing these annual audits. If I can assist with any explanation on the above, please do not hesitate to call me.