

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

**REPORT ON THE FISCAL YEAR 2000
AUDIT OF DISTRICT OF COLUMBIA
PROJECTS JOINTLY FUNDED BY THE
DEPARTMENT OF PUBLIC WORKS AND THE
FEDERAL HIGHWAY ADMINISTRATION**



**CHARLES C. MADDOX, ESQ.
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



May 10, 2001

Leslie Hotaling, Director
Department of Public Works
2000 14th Street, N.W. 6th Floor
Washington, D.C. 20009

Dear Ms. Hotaling:

Enclosed is the final report on the "Fiscal Year 2000 Audit of District of Columbia Projects Jointly Funded by the Department of Public Works and the Federal Highway Administration" (OIG No. 00-1-04KA).

For our fiscal year 2000 audit, the Office of the Inspector General (OIG) reviewed 22 grant projects, totaling \$33.2 million, jointly funded by the Federal Highway Administration (FHWA) and the Department of Public Works (DPW). The 22 projects reviewed consisted of 14 closed projects and 8 ongoing projects. Our audit determined that of the 14 projects closed during FY 2000, DPW over-billed FHWA by \$120,000 for 5 projects, under-billed FHWA by \$609,000 for 7 projects, and no adjustments were needed for 2 projects. DPW also spent \$1.6 million less than the amount budgeted for the 14 closed projects. Accordingly, we brought this matter to the attention of DPW officials who reprogrammed the funds for use on other District highway projects. Our review of the 8 ongoing projects identified that DPW under-billed FHWA by \$4.5 million. Therefore, in total, under-billings exceeded \$5 million.

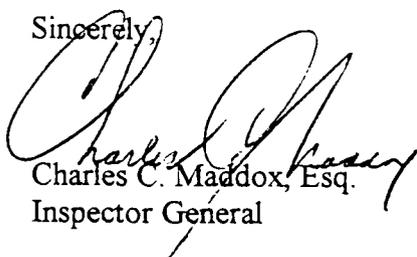
Additionally, DPW had not closed 17 completed grant projects. DPW has been ineffective in correcting this previously reported condition. On February 28, 2000, the OIG issued its report on Projects Funded by DPW and FHWA. Included in that report was a finding and related recommendation for the closeout of these same completed grant projects. DPW agreed to close most of these projects within 2 months; however, DPW did not take the corrective action that it had agreed to do.

The OIG again, in this report, made the same recommendations to the Director, DPW, to properly calculate and record expenses on FHWA projects and to close out completed projects timely. DPW has taken action to address these findings and recommendations.

DPW's comments to the draft of this report are generally responsive to the intent of the recommendations. DPW reported, as was confirmed by the OIG audit staff, that expenditure adjustments for \$5,001,490 in funds underbilled to the Federal Highway Administration cited in the report have been completed. Additionally, DPW has implemented several procedures that should assist in identifying project profile problems and a process for making the necessary corrections to facilitate project payments and closings. DPW's comments and our evaluation of the comments are incorporated in the report where appropriate. The full text of the DPW's response is included at Exhibit C

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions, please call me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles C. Maddox, Esq.
Inspector General

CM/cj

Enclosure

cc: See Attached Distribution List

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