

EXHIBITS

FHWA GRANT PROJECTS AUDITED

C O U N T	DATE AUDIT COMPLETED	FEDERAL AID PROJECT NUMBER	TOTAL PROJECT COST	UNDERBILLED/ (OVERBILLED) To FHWA	FHWA FUNDS AVAILABLE FOR REPROGRAMMING
CLOSED GRANT PROJECTS					
1	02/23/00	IM-695-3(45)	\$ 5,676,926	\$ 2,023	\$ 686,054
2	02/25/00	STP-1102(22)	871,714	0	0
3	02/29/00	I-295-2(174)	271,280	0	48,877
4	03/20/00	HES-9999(596)	10,382	(27,223)	35,031
5	03/20/00	HES-9999(607)	63,286	27,223	13,277
6	04/28/00	SPR-PL-2(37)	974,193	187,592	36,176
7	05/08/00	CM-9999(814)	122,818	(29,205)	49,746
8	05/09/00	CMG-9999(816)	189,976	29,862	52,763
9	05/10/00	CMG-9999(817)	315,988	152,966	22,126
10	05/11/00	CMG-9999(818)	298,997	(56,178)	96,503
11	05/12/00	CMG-9999(819)	372,193	(4,593)	43,806
12	08/01/00	SPR-SP-1(35)	1,639,702	(2,779)	378,770
13	08/04/00	SPR-SP-1(36)	773,089	181,589	143,481
14	09/30/00	FZ-1113(5)	203,190	27,838	45,319
		SUBTOTAL	<u>\$ 11,783,734</u>	<u>\$ 489,115</u>	<u>\$ 1,651,929</u>
COST-TO-DATE PROJECTS					
1	03/07/00	STP-4000(63)	1,429,130	1,096,748	0
2	06/16/00	CM-9999(764)	7,637,283	1,200,878	0
3	07/18/00	STP-9999(847)	4,949,325	1,107,731	0
4	07/17/00	IX-9999(851)	1,196,585	239,951	0
5	07/19/00	STP-9999(848)	2,171,314	99,376	0
6	07/20/00	STP-9999(853)	1,890,646	95,893	0
7	07/20/00	NH-9999(830)	441,961	178,107	0
8	09/30/00	SPR-SP-1(37)	1,733,367	493,691	0
		SUBTOTAL	<u>\$ 21,449,611</u>	<u>\$ 4,512,375</u>	<u>\$ 0</u>
22		TOTAL	<u>\$ 33,233,345</u>	<u>\$ 5,001,490</u>	<u>\$ 1,651,929</u>

Summary of Final Claims per Audit Under-billed/(Over-billed) Cost Column

5	over-billed	(\$119,978)
7	under-billed	609,093
<u>2</u>	no adjustment to final claim	<u>0</u>
<u>14</u>	Total Adjustments (Net)	<u>\$ 489,115</u>

EXHIBITS

SCHEDULE OF COMPLETED GRANT PROJECTS

C O U N T	PROJECT NO.	CONTRACT NO.	DATE WORK COMPLETED	STATUS CODE	POTENTIAL GRANT FUND UNDERRUNS*
1	AS3/11	Railroad	06/30/92	A	\$ 231,273
2	CD8/02	Railroad	10/22/93	A	1,447,185
3	ZX3/01	86-0013	11/12/87	A	14,518
4	CE6/24	86-0110	07/03/88	A	770,250
5	116/29	86-0071	10/09/88	A	143,819
6a	CI6/28	88-0115	09/08/89	A	2,941
6b	CI6/29	88-0115	09/08/89	A	14,652
7	CE7/20	87-0171	03/02/90	A	224,036
8	CK7/21	88-0161	04/03/90	A	0
9a	CD7/16	88-0119	01/31/92	A	99,869
9b	CD7/17	88-0119	01/31/92	A	21,967
10a	CET/29	91-0054	07/01/94	A	58,872
10b	CET/30	91-0054	07/01/94	A	4,955
11	CET/48	92-0013	11/28/93	A	<u>90,221</u>
	SUBTOTAL				\$ 3,124,558
12	CET/27	91-0066	03/12/94	B	\$ 44,953
13	CKT/10	89-0150	03/31/94	C	350,404
14	CK8/14	89-0154	10/20/93	C	216,460
15	CET/63	92-0030	06/30/94	C	13,509
16	CK8/12	89-0144	05/20/93	C	12,961
17	CKT/13	91-0103	12/04/93	C	<u>127,176</u>
	SUBTOTAL				765,463
	TOTAL				\$ 3,890,021

EXPLANATION OF STATUS CODES:

- A. The following actions have not been completed:
- 1) final invoices from DPW engineers and/or railroad corporations have not been obtained,
 - 2) release documents have not been prepared or signed, and
 - 3) final contract payment has not been made.
- B. The contractor did not return the release documents; therefore, DPW was unable to close the project without final payment information.
- C. The final invoice has been paid and is awaiting audit closeout.

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

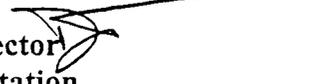
GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF PUBLIC WORKS

District Division of Transportation

MEMORANDUM

TO: Charles C. Maddox, Esq.
Inspector General

THRU: Leslie Hotaling, Acting Director
Department of Public Works 

FROM: Dan Tangherlini, Acting Director
District Division of Transportation 

DATE: April 18, 2001

SUBJECT: Draft Report on the "Fiscal Year 2000 Audit of the District of
Columbia Projects Funded by the Federal Highway
Administration" (OIG No. 00-1-04KA)

I appreciate you allowing me the opportunity to submit my comments on the above draft report. The audit states the importance of timely closing of transportation projects. I agree with this statement since recovery of the unused funds may be reprogrammed to other needed projects.

Allow me to first comment on the 8 ongoing projects referred to in your letter and the potential under-billing of the Federal Highway Administration (FHWA) by \$4.5 million. This pertains to those projects where DPW requested assistance of assigned IG staff, acting as an agent of the Department, to perform an internal review of expenditures incurred. Therefore those corrections made as a result of this review should not be included in this report. The internal review process is conducted by a number of DPW staff in addition to the IG staff person, as part of the overall project financial assessment function.

Executive Digest-Conclusion:

We agree that all possible attempts must be made to close projects within 12 months of their completion date. DPW has, with assistance from IG staff member, embarked on this process. Exhibit B, shows the 14 projects that still require project management action. This is a continuing issue that needs to be addressed. As of today, we have completed the most difficult of the old project closings and are working on the remainder. Also, please note that items 13-17 on Exhibit B only require the finalization audit that was to be performed by the IG assigned staff person.

Overview:

Please note that expenditure adjustments were made for all of the \$5,001,490 in federal funds cited in the draft audit report. The related federal funds were billed and collections were promptly deposited prior to the end of the fiscal year. This corrective action was initiated by DPW at the request of the IG assigned staff person who is providing internal project-ending audits. Had this individual not been assigned to DPW, the function would have been the responsibility of DPW personnel but the results would have been the same. This DPW instituted internal control process has resulted in less than \$6,000 in disallowed costs over the previous 5 single audits out of the total federal expenditures exceeding \$370 million.

Billing for Proper Grant Costs:

We are aware of the importance of proper billing to the Highway Trust Fund and the FHWA. It should be noted however, that all payment adjustments listed in the draft report (the \$5 million) were made prior to the end of fiscal year 2000 closing and were the result of the aforementioned internal review process and therefore should not be included as a finding in this report. Generally, an exception becomes an exception when a correction cannot be made prior to the closing period. If the exception is addressed, the adjustments or corrections made, then the problem becomes moot.

We agree with the findings noted here. However, again we note that all findings and subsequent adjustments are the result of projects literally assigned to the IG staff by DPW as part of the IG's assistance in this endeavor. Because of this, we do not believe that the findings, though significant, will be a part of a closing document and therefore, should not be included in an audit report as outside findings or uncorrected entries.

Grant Project Profiles:

Due to the newness of SOAR and recurring problems related to profile input, it was necessary to change the input process. Now, profiles for capital projects go through a four-person checkpoint. A program assistant inputs them in SOAR; a program analyst checks them for accuracy; they are passed to a systems accountant who inputs/updates data on the DPW Capital Project Crosswalk; finally they are reviewed prior to initiation of payment.

In order to create the Capital/Grant Accounting structure in SOAR in FY 1999 required the creation of over 13,000 profiles and this resulted in some errors being found. They have been subsequently reviewed and corrective action taken. Thus the entire \$4.5 million in adjustments listed on Exhibit B were made prior to the end of the fiscal year. Therefore, there were no expenditure issues related to the FY 2000 CAFR audit. This notation should be in the final report.

Old Project Closings:

As you are aware, the DDOT is being created out of certain functions previously assigned to DPW. With the reorganization of DDOT now in process, it is anticipated that project management and accountability will be one of the hallmarks of the new organization and this will lead to timely project closing. With this in mind, DDOT will assign project responsibility for both construction and financial activities to a team of qualified professionals, with the result being a full status accounting at every step of a project.

For the projects noted, our engineers were able to prepare the final invoice for the most difficult of the projects. This involved making adjustments for emergency repair work done internally due to weather conditions and working through some disagreement with the contractor on the final bill adjustment. DDOT staff is currently working on the other projects listed in the report. Some progress of note has been made, however, including identifying the last payment for each project and notifying project management of activity needed for final closing. Because of this, I can assure you that the closings will be completed this fiscal year.

In Conclusion:

It should also be noted that the Department of Public Works is in the process or has put in several procedures that assist it in identifying project profile problems and a process for making the necessary corrections to facilitate project payments and closings. Some of these are:

- DDOT and the Chief Financial Officer of DPW will assign personnel to complete the closing process for the projects listed in the Exhibit.
- We have initiated an internal review of all codes established for each project prior to grant award and a re-review of previously established SOAR profiles to insure that the SOAR System contains the proper coding structure;
- Project budgets are now established at the beginning of each fiscal year in advance of grant award. The related indices are inactivated after budget establishment and not reactivated until grant award. This will prevent charges from being posted to those projects in advance of grant award;
- We have increased the use of the Crosswalk, which is a compilation of key elements associated with all capital projects. The use of the report resulted in identifying and resolving allocation errors caused during implementation of the new SOAR system; and,
- DPW now reviews all Purchase Orders generated through SOAR System so that there is an alignment relationship between the Line numbers (that established one complete payment) and the index used.

Thus, the only finding listed in the draft report that DPW considers an ongoing issue is the timely closeout of capital projects. DPW has closed over 2,100 capital projects/grants in both the Financial Management System (FMS) and SOAR. This effort still needs to be accelerated. The emphasis in FY 99 and FY 00 has been project conversion, data cleanup and financial system software enhancement. With this effort mostly behind us, DPW can now focus on the project closeout effort.

cc: Pamela Graham