

DEPARTMENT OF TRANSPORTATION

PRIOR AUDIT FINDINGS

Federal Compliance Audit Findings:

Finding No. 11000200801:

Internal Control was not adequate to ensure proper application of Amtrak Funds to allowable expenses.

CFDA Title: National Railroad Passenger Corporation - Amtrak

CFDA Number: 20.unknown

Federal Award Number:

Federal Award Year: Taxpayer Relief Act of 1997

Federal Agency:

Type of Finding: Significant Deficiency

Category of Finding: Allowable Costs

RECOMMENDATIONS:

1. Recommendation was implemented.
2. Recommendation was implemented.

Financial Statement Audit Finding:

Finding No. 11000200802:

Internal control over the third-party billing process and associated accounts receivable was inadequate. This is the second consecutive audit to contain this finding.

RECOMMENDATION:

3. Recommendation was implemented.

Finding No. 11000200803:

Internal control over the year end inventory cutoff was inadequate. This is the second consecutive audit to contain this finding.

RECOMMENDATION:

4. Recommendation was implemented.

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(Continued)

State Audit Finding:

Finding No. 11000200804:

The South Dakota Department of Transportation (DOT) did not request reimbursement of federal fund expenditures on a timely basis.

RECOMMENDATION:

5. Recommendation was implemented.

CURRENT AUDIT FINDING AND RECOMMENDATION

Federal Compliance Audit Finding:

Finding No. 11000200901:

The South Dakota Department of Transportation did not obtain the necessary Federal Highway Administration approval on a Construction Change Order rendering all increases in project costs contained therein unallowable under the Highway Planning and Construction program.

CFDA Title: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Number:

Federal Award Year:

Federal Agency: Federal Highway Administration

Type of Finding: Noncompliance

Category of Finding: Allowable Costs

Questioned Costs: \$150,146.30

Analysis:

In detailing the requirements of projects under the oversight authority of the Federal Highway Administration 23 CFR section 635.120 states that "all major extra work shall have formal approval by the Division Administrator." The Department of Transportation did not obtain the necessary approval of the FHWA Division Administrator for the eighth Construction Change Order under project IM0905. Without the approval of the FHWA, the increase in project costs was not allowable for reimbursement.

RECOMMENDATION:

1. We recommend that the Department of Transportation obtain Federal Highway Administration approval on all Construction Change Orders as required by federal law.

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(Continued)

Auditee's Corrective Action Plan:

The Department of Transportation agrees with the Auditor's recommendation. The SDDOT intends to comply with this recommendation in the following manner:

1. The Construction Measurement and Payment System (CM&P) that is used to create Construction Change Order's on construction projects has been modified to include a signature block only when a signature is required.
2. Administrative staff responsible for routing Construction Change Order's for signatures has been trained that if a signature block is present, it must be signed.