



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF TRANSPORTATION

Compliance Examination For the Two Years
 Ended June 30, 2018

Release Date: July 18, 2019

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	2016		18-6	
Category 2:	4	5	9	2014		18-2	
TOTAL	5	5	10	2008		18-5	
				2007		18-3, 18-4	
FINDINGS LAST AUDIT: 9							

INTRODUCTION

This digest covers our Compliance Examination of the Department of Transportation for the two years ended June 30, 2018. A separate Financial Audit as of and for the year ended June 30, 2018 was previously released on March 26, 2019. In total, this report contains ten findings, one of which was also reported in the Financial Audit.

SYNOPSIS

- (18-2) The Department did not timely perform inspections of bridges, or perform required follow-up to ensure bridge inspections occurred.
- (18-7) The Department did not maintain adequate controls over locally held funds.
- (18-8) The Department did not adhere to various reporting requirements established by State law.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**DEPARTMENT OF TRANSPORTATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures.....	\$ 4,905,690,975	\$ 5,538,429,497	\$ 5,563,032,165
OPERATIONS TOTAL.....	\$ 983,112,762	\$ 980,899,738	\$ 814,236,796
% of Total Expenditures.....	20.0%	17.7%	14.6%
Personal Services.....	421,449,961	410,266,374	421,281,251
Other Payroll Costs (FICA, Retirement).....	243,329,982	212,154,084	222,685,237
All Other Operating Expenditures.....	318,332,918	358,479,280	170,270,308
AWARDS AND GRANTS.....	\$ 1,970,861,713	\$ 2,271,740,981	\$ 2,005,674,004
% of Total Expenditures.....	40.2%	41.0%	36.1%
HIGHWAY/WATERWAY CONSTRUCTION...	\$ 1,937,642,780	\$ 2,275,401,775	\$ 2,731,581,778
% of Total Expenditures.....	39.5%	41.1%	49.1%
CAPITAL IMPROVEMENTS.....	\$ 14,073,720	\$ 10,387,003	\$ 11,539,587
% of Total Expenditures.....	0.3%	0.2%	0.2%
Total Receipts.....	\$ 1,760,741,104	\$ 2,310,423,602	\$ 2,038,851,578
Average Number of Employees (Unaudited)....	4,950	4,857	4,934
SELECTED ACTIVITY MEASURES (UNAUDITED)	2018	2017	2016
Number of bridges maintained/improved.....	92	88	66
Percent of roads in need of repair.....	22%	17%	21%
Number of lane miles of pavement maintained..	43,186	43,166	43,086
Number of airport safety inspections.....	187	121	262
Highway safety improvements accomplished....	78	106	174
High-Speed Rail track improvement.....	145,809	419,375	316,500
Overall Illinois traffic fatalities.....	1,048	1,090	987
SECRETARY			
During Examination Period:	Randall Blankenhorn (through 12/31/18)		
Currently:	Omer Osman, Acting (effective 2/25/19)		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FAILURE TO TIMELY PERFORM BRIDGE INSPECTIONS

The Department did not timely perform inspections of bridges, or perform required follow-up to ensure bridge inspections occurred. The Department is responsible for ensuring that all highway bridges on public roads in the State are inspected. The Department conducts various types of bridge inspections and we examined the timeliness of routine, special, underwater, and fracture critical member inspections.

Routine inspections

A routine inspection is a regularly scheduled inspection consisting of observation and/or measurements needed to determine the physical and functional condition of the bridge, to identify any changes from initial or previously recorded conditions, and to ensure that the structure continues to satisfy present service requirements.

28 bridges were overdue for routine inspections

Using the intervals established by the Department and allowing for the data entry period, according to the Department's Illinois Structure Information System data, as of July 1, 2018, 28 bridges were overdue for a routine inspection (down from 36 as of April 1, 2016). Of the 28 overdue inspections:

- Ten bridges (36%) were listed as the maintenance responsibility of an adjacent state.
- Five bridges (18%) were rated structurally deficient.
- Inspections ranged from 1 to 4 years overdue.

Inspections were from 1 to 4 years overdue

Special Inspections

A special inspection is performed to verify that deficiencies do not exist and to monitor a specific structural feature, deficiency, or condition that must be monitored more often than inspection intervals for other inspection types require. Special inspections may be prompted by structural damage or deterioration, conditions affecting the stability of the structure, or for other reasons. Some examples of conditions that might warrant a special inspection are damage/deterioration to main load-carrying members, settlement/movement of substructure units or adjacent embankment, and structural details with histories of poor performance. The Department's Structural Services manual lists 18 different special inspection code types. Some bridges have more than one type of special inspection conducted.

27 bridges were overdue for a special inspection

Of the total 26,627 open bridges the Department is required to inspect or cause to be inspected (i.e. locals), 1,053 were slated for a special inspection totaling 1,093 special inspections. Using the intervals established by the Department and allowing for the data entry period, according to the Department's Illinois Structure Information System data, as of July 1, 2018, 27 bridges were overdue for a special inspection (up from 26 bridges as of April 1, 2016). Of these 27 bridges with overdue special inspections:

- Twenty-four bridges (89%) were rated as structurally deficient.
- Five bridges (19%) had special inspections which were overdue by more than two years. Many of the remaining inspections were overdue less than one year.

5 special inspections were overdue by more than 2 years

Underwater inspections

An underwater inspection is an inspection of the underwater portion of a bridge substructure and the surrounding channel that cannot be inspected visually at low water by wading or probing, generally requiring diving or other appropriate techniques.

7 bridges were overdue for an underwater inspection

Of the total 26,627 open bridges that the Department is required to inspect or cause to be inspected, 477 (2%) were slated for an underwater inspection. Using the intervals established by the Department and allowing for the data entry period, according to the Department's Illinois Structure Information System data, as of July 1, 2018, 7 bridges (1%) were overdue for an underwater inspection (down from 11 as of April 1, 2016), all of which were local and, specifically, the maintenance responsibility of an adjacent state. The inspections were between five and 19 years overdue. Two of the bridges, which the data showed as 17 years overdue for an inspection, were rated as structurally deficient.

Fracture Critical Inspections

A Fracture Critical inspection is a hands-on inspection of one fracture critical member or multiple member components that may include visual and other nondestructive evaluation. These inspections are performed on steel bridge tension members and tension components of members whose failure could be expected to result in the collapse of the bridge or a portion of the bridge.

Of the total 26,627 open bridges that the Department is required to inspect or cause to be inspected, 507 (2%) were slated for a Fracture Critical inspection for a total of 1,209 inspections.

11 bridges were overdue for a fracture critical inspection

Using the intervals established by the Department and allowing for the data entry period, according to the Department's Illinois Structure Information System data, as of July 1, 2018, 11 bridges (2%) were overdue for a fracture critical inspection (increase from 9 as of April 1, 2016), consisting of 25 total components. Two of

Two local bridges inspections were over 21 years overdue

the local bridges, consisting of four total components, were over 21 years overdue. One of these bridges was rated structurally deficient. (Finding 2, pages 17-20)

We recommended the Department ensure bridge inspections are conducted and documentation is maintained to substantiate the inspections are completed within allowable intervals established by Federal regulations and Department policy. We also recommended the Department follow-up with adjoining states where they have not received reports to determine why an inspection has not been completed or obtain the reports and ensure the Illinois Structure Information System data is updated.

Department agreed with the finding

Department officials agreed with the finding and stated they recognize that while they have made significant strides with the bridge inspection delinquencies over the last several years they still have more work to do and will continue to stress the importance of timely inspections particularly to the local agencies.

INADEQUATE CONTROLS OVER LOCALLY HELD FUNDS

The Department did not maintain adequate controls over locally held funds.

One of the Department's locally held funds, the IDOT Capital Projects Fund (Fund 1494), reports the payment of annual administrative fees and expenses for the District 1 headquarters building. The Department reported \$2,420,000 and \$2,417,000 as transfers into Fund 1494 during fiscal years 2017 and 2018, respectively. These transfers represent amounts the Department paid to DCMS, which DCMS then remitted to the Trustee. The Trustee then transferred the funds to a bank account controlled by the management company in accordance with the service agreement enacted when the COP was originated. The Department reported expenditures totaling approximately \$1,924,000 and \$2,074,000 during fiscal year 2017 and 2018, respectively, for Fund 1494. The expenditures reported in Fund 1494 represent payments made by the management company to vendors for the operation and maintenance of the District 1 headquarters building.

During our review of the locally held fund reports, we noted the following:

- The bank account, administered by the management company, was opened in a prior period with a State of Illinois Taxpayer Identification Number by management company employees, and none of the authorized signors on the account during the examination period were employees of the State.

Management company employees were the only authorized signors on the State bank account

Cash deposits were uncollateralized

- Cash deposits as of June 30, 2018, within the aforementioned bank account totaled \$1,674,715, of which \$1,424,715 exceeded the Federal Deposit Insurance Corporation (FDIC) coverage and were uncollateralized.

No Department approval of disbursements

- Department officials did not review or approve disbursements prior to the payments being processed. (Finding 7, pages 31-32)

We recommended the Department review its procedures over locally held funds and make the necessary changes to ensure expenditures are reviewed and approved prior to disbursement and sufficient collateral for bank deposits is maintained.

Department agreed with the finding

Department officials agreed with the finding and stated the Agency will give careful consideration to the use and monitoring of locally held funds in the future.

NONCOMPLIANCE WITH REPORTING REQUIREMENTS OF THE ILLINOIS DEPARTMENT OF TRANSPORTATION LAW

The Department did not adhere with various reporting requirements established by State law.

During our testing, we noted the following:

No master plan filed as of the end of fieldwork

- The Department failed to publish its master plan due on December 31, 2017. Department officials stated the report was not able to be completed due to competing priorities pertaining to new federal regulations and reporting required by federal regulations. As of the end of our fieldwork date, the Department still had not filed the report.

Multi-year Improvement Program report not published during Fiscal Years 2017 and 2018

- The Department failed to publish the Multimodal Multi-year Improvement Program report during fiscal years 2017 and 2018. The Illinois FY 2019-2024 Proposed Multimodal Multi-Year Improvement Program report, due on April 4, 2018, was filed with the General Assembly on October 16, 2018, 195 days late.

Highway Improvement Program reports filed late

- The Department delivered its Highway Improvement Program report to the General Assembly on May 26 (51 days late) and May 29 (55 days late) during fiscal years 2017 and 2018, respectively.

“For the Record” report filed late

- The Department delivered its “For the Record – 2016” report to the General Assembly on December 9, 2016 (39 days late). (Finding 8, pages 33-34)

We recommended the Department implement a control structure which includes procedures to ensure compliance with statutory reporting requirements.

Department agreed with the finding

Department officials agreed with the finding and stated the ultimate approval to send these reports to the legislature is from the Governor's office which sometimes results in missing the deadline.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over financial reporting, employee overtime, State vehicles, accounts receivable, the failure to control outdoor advertising, weakness with payment card industry data security standards, and change management process.

AUDITOR'S OPINION

The financial audit of the Department as of and for the year ended June 30, 2018 was previously released. The auditors stated the Department's financial statements as of and for the year ended June 30, 2018, were fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Department for the two years ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants stated the Department complied, in all material respects, with the requirements described in the report.

This financial audit and compliance examination was conducted by Clifton Larson Allen LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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DIGEST FOOTNOTES

#1 – FAILURE TO TIMELY PERFORM BRIDGE INSPECTIONS

2016: The Department agrees with the finding.

Routine Inspections

The Department will continue to stress the importance of timely inspections particularly to the local agencies. Monthly reports are sent to the owners of the structures to indicate when structures are coming due for inspection, or are currently delinquent for their last inspection. The web based Inspection Date Notification System is now available to allow the local agencies to enter the date of their last inspection in order for potential delinquencies to be better tracked. An on-call consultant has been retained by the Department to allow bridges to be inspected if a structure delinquency enters the third month after the inspection was due. Bridge inspection delinquencies are now at a historical low of 2.9%. Additionally, conversations have occurred with the Federal Highway Administration about the possibility of having the inspecting agency identified in the border bridge agreements be the one to submit inventory and inspection information into the National Bridge Inventory. This would eliminate many problems with data inconsistencies between the two States. To date, the Department has not received approval to remove our reporting requirements for these “Border Bridges” that we do not inspect.

Special Inspections

The Department’s web based Inspection Date Notification System is now available to allow the local agencies to enter the date of their last special inspection in order for potential delinquencies to be better tracked. An on-call consultant has been retained by the Department to allow bridges to be inspected if a structure delinquency enters the third month after the inspection was due. *Underwater Inspections* The Department has had conversations with the Federal Highway Administration about the possibility of having the inspecting agency, for bridges that cross State lines, as the only one to submit inventory and inspection information into the National Bridge Inventory. This would eliminate many problems with data inconsistencies between the two States. To date, the Department has not received approval to remove our reporting requirements for these “Border Bridges” that we do not inspect. The Department will continue to pursue obtaining a copy of the official bridge inspection reports performed by the adjoining State and to ensure that they are entered into the Illinois Structure Information System.

Fracture Critical Inspections

The Department will continue to stress the importance of fracture critical inspections to local agencies and remind them monthly, via e-mail, to ensure that inspections and data entry are accomplished within the required timeframes. The web based Inspection Data Notification System is now available to allow the local agencies to enter the date of their last fracture critical inspection so that potential delinquencies can be better tracked. An on-call consultant has been retained by the Department to allow bridges to be inspected if a structure delinquency enters the third month after the inspection was due. The Department has had conversations with the Federal Highway Administration about the possibility of having the inspecting agency, for bridges that cross State lines, as the only one to submit inventory and inspection information into the National Bridge Inventory. This

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