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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

5-94-48600-10

REPORT DIGEST

**DEPARTMENT OF TRANSPORTATION
FINANCIAL AND COMPLIANCE AUDIT
(In accordance with the Single Audit Act of 1984
and OMB Circular A-128)
FOR THE PERIOD ENDED JUNE 30, 1994**

SYNOPSIS

- The Department did not complete all of its bridge inspections and did not ensure local governments complied with their bridge inspection requirements.
- We noted weaknesses in the Department's property controls. The most significant problem noted was a failure to record 26 new trucks valued at \$1.4 million on the property records.
- Commodities records maintained by the Department were not accurate. Test counts did not agree with Department records in 69% of the items tested.
- The Department did not adequately monitor and track the accrual and usage of sick and/or vacation leave.

{Expenditures and Activity Measures are summarized on the reverse page.}

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RECYCLED PAPER · SOYBEAN INKS

**DEPARTMENT OF TRANSPORTATION
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994**

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
● Total Expenditures (All Funds)	\$2,554,952,244	\$2,446,411,525	\$2,641,269,100
<u>OPERATIONS TOTAL</u>	\$515,153,470	\$485,491,501	\$465,951,657
% of Total Expenditures	20.2%	19.9%	17.6%
Personal Services	\$309,809,392	\$286,100,115	\$292,620,629
% of Operations Expenditures	60.1%	58.9%	62.8%
Average No. of Employees	7,066	7,083	7,219
Other Payroll Costs (FICA, Retirement)	\$45,460,979	\$41,887,135	\$35,049,825
% of Operations Expenditures	8.8%	8.6%	7.5%
Contractual Services	\$77,459,651	\$66,948,332	\$63,412,556
% of Operations Expenditures	15.0%	13.8%	13.6%
All Other Operations Items	\$82,423,448	\$90,555,919	\$74,868,647
% of Operations Expenditures	16.0%	18.7%	16.0%
<u>CONSTRUCTION TOTAL</u>	\$1,199,561,337	\$1,107,307,342	\$1,364,948,158
% of Operations Expenditures	47.0%	45.3%	51.7%
<u>GRANTS TOTAL</u>	\$835,993,945	\$850,525,939	\$803,654,450
% of Total Expenditures	32.7%	34.8%	30.4%
● Cost of Property and Equipment	\$398,668,000	\$386,308,000	\$363,397,000

SELECTED ACTIVITY MEASURES	FY 1994	FY 1993	FY 1992
● New Bridges Constructed	135	155	158
● Bridges Widened	2	2	15
● Bridges Repaired	58	103	78
● Miles of Concrete Road Constructed	36	65	27
● Miles of Full-depth Bituminous Road Constructed	18	31	35
● Miles of Bituminous Road Surfaced	1,368	1,034	1,131

AGENCY SECRETARY(S)
During Audit Period: Kirk Brown Currently: Kirk Brown

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

DELINQUENT BRIDGE INSPECTIONS

The Department and local agencies were delinquent in performing biennial bridge inspections. The Department is responsible for ensuring that all 25,285 bridges in the State of Illinois are inspected biennially. The Department's State Bridge Unit is required to inspect 7,161 of those bridges. The Department's Local Bridge Unit monitored the inspection of the remaining 18,124 bridges by the responsible local agency.

Local agencies were delinquent in performing 1,603 out of 18,124 biennial bridge inspections, and the Department was delinquent in performing 176 out of 7,161 biennial bridge inspections. The Department and local agencies had not devoted adequate resources and personnel in order to perform timely bridge inspections. Furthermore, the Department's Local Bridge Unit had inadequate policies and procedures to enforce timely bridge inspections by local agencies.

The National Bridge Inspection Standards (NBIS, 23 CFR 650C) requires that "each bridge is to be inspected at regular intervals not to exceed 2 years (emphasis added)".

Delinquent bridge inspections may delay necessary bridge repairs needed to ensure public safety. Because 1,779 bridges were not inspected as required, neither the Department nor the public know if those bridges are safe. (Finding 1, page 9)

We recommended that the Department devote adequate resources and personnel to ensure that all bridges are inspected on a biennial basis. We also recommended that the Department's Local Bridge Unit establish adequate policies and procedures to enforce timely bridge inspections by local agencies. The Department responded that every effort will be made to ensure that adequate resources are devoted to the bridge inspection program to ensure compliance with inspection requirements.

INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

The Department had inadequate controls over its \$399 million in property and equipment. During our audit, we noted that:

- The Department failed to record 26 trucks, at a cost of \$1,144,060, on its Common System Inventory Control Listing.
- Four out of fifty vouchers tested did not correctly trace to the Department's Common System Inventory Control Listing.
- The Department's "Agency Report of Fixed Assets" for the quarter ended September 30, 1992, was not "submitted to the Office of the Comptroller within 30 days after the last day of the quarter" as required by the Comptroller's Uniform Statewide Accounting System (CUSAS Procedure 29.20.10 page 4 of 5).

- The Department failed to identify tractors and road equipment as property of the State of Illinois as required by Department procedures.

The above conditions are due to a failure to follow Departmental procedures, CUSAS procedures and statutory requirements. (Finding 2, page 12)

We recommended that the Department comply with Departmental procedures, CUSAS procedures and statutory requirements currently in place to ensure accurate and complete accounting of its fixed assets.

The Department responded that it has taken action to ensure that each of the Department's 4,500 vehicles are properly listed on the inventory records. In addition, the Department has instructed all property control personnel to correct noted record keeping and identification errors. The Department responded it has implemented additional procedures to prevent future occurrences of such errors, requiring periodic review of property records to ensure full compliance by field offices with existing property control rules. This action includes placing State of Illinois identifying tags, seals or stickers on tractors and other off-road equipment.

INADEQUATE CONTROLS OVER THE COMMODITIES INVENTORY

The Department did not have adequate internal controls over commodities inventory.

During the Department's annual physical inventory of the Administration Building Stock Room commodities, it was noted that 487 out of 704, or 69%, of the items counted did not agree with Department records, and the Department did not reconcile these exceptions. During our audit testing, it was noted that the physical count of quantities on hand for 31 out of 50 items did not agree with the Department's Stock Status Report. It was also noted that there were a number of items in the commodities inventory that were either obsolete or oversupplied.

The Department did not allocate sufficient resources to ensure that commodity records were accurate and that property was disposed of when found to be obsolete or oversupplied. (Finding 6, page 21)

We recommended that the Department devote adequate resources to ensure that accurate commodity records are kept up to date and the commodities inventory is adequately safeguarded. The Department agreed with our recommendation and has asserted that it is taking the appropriate steps to correct and accurately maintain the inventory records of the Administration Building Stock Room.

FAILURE TO MONITOR THE ACCRUAL AND USAGE OF PAID LEAVE

The Department did not adequately monitor and track the accrual and usage of sick and/or vacation leave. The Department did not have a database system to monitor and track the accrual and usage of sick and/or vacation leave. The Department utilizes a combination of manual and non-integrated data processing systems to monitor and track this information. The

Department did not devote sufficient resources to ensure adequate control over the accrual and usage of sick and/or vacation leave.

Prudent business practices dictate that the Department, with over 7,000 employees, develop a database system to monitor and track the accrual and usage of sick and/or vacation leave to ensure that accurate information is accumulated and reported.

The Department cannot adequately monitor and track the accrual and usage of sick and/or vacation leave utilizing the system in place. (Finding 8, page 30)

We recommended that the Department develop and implement a database system to monitor and track the accrual and usage of sick and/or vacation leave. The Department responded that it plans to implement a Department-wide timekeeping system by January 1, 1996.

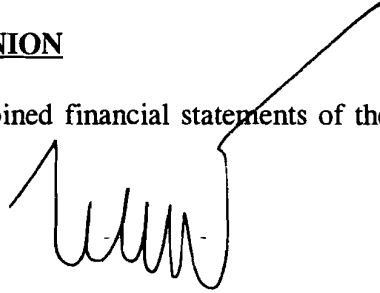
OTHER FINDINGS

The remaining findings are less significant and are the subject of corrective action by the Department.

The Department's responses to our findings and recommendations were generally appropriate and indicative of its intent to correct noncompliance and other deficiencies.

AUDITORS' OPINION

Our auditors state that the June 30, 1994 combined financial statements of the Agency are fairly presented.



WILLIAM G. HOLLAND, Auditor General

WGH:JTD:pp
April 5, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Findings	11	21
Repeated findings	6	10
Prior findings implemented or not repeated	15	13

SPECIAL ASSISTANT AUDITORS

Pandolfi, Topolski, Weiss & Co., Ltd. were our special assistant auditors for this audit.