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# Audit and Accountability

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Local Public Agency (LPA)  
Manual - Appendix

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2011

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# Audits and Accountability

## Requirements of LPA

Listed is a link for the Louisiana Legislative Auditor (LLA) [ <http://www.lla.la.gov/> ], which under LA RS 24:513, et seq., has broad powers which requires public and quasi public entities to annually provide the LLA with audits. LPA's participating in one of the LPA programs listed in the manual shall send a copy of the audit to the applicable DOTD program manager when it submits their audit to the LLA.

## Single Audit Requirements

LPAs that expend more than \$500,000 in Federal funds of any kind during a Federal Fiscal Year (FFY) are required to prepare and file a Single Audit Report in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*. The 2011 Compliance Supplement can be found at the following web link: [http://www.whitehouse.gov/omb/circulars/a133\\_compliance\\_supplement\\_2011](http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011)

If the LPA's Single Audit Report contains findings that relate to Federal funds passed through the DOTD, the DOTD will investigate those findings and issue a management decision regarding the LPA's response to those findings, as stated in the Single Audit Report. The DOTD's management decision may require additional documentation or changes to the LPA's procedures to prevent similar future audit findings.

## Right to Inspect

The USDOT Inspector General, the DOTD, the FHWA and the Louisiana Office of the Legislative Auditor have the authority to examine any record and interview any employee or officer of the agency, a contractor, its subcontractors, or other firms working on a project that is federally funded or required Federal approval, including projects funded by the Recovery Act.

## Final Audit of the Construction Phase

Upon issuance of a DOTD Formal Acceptance Report, the Program Manager may elect to conduct a final audit of the construction contract documentation. This will include a review of the final pay quantities for the construction contract, including material certifications, test results, and other documentation. If Federal participation was requested for the costs of a consultant contract, work by LPA forces, utility relocations, real estate purchase, or railroad work, then a final audit or review of these costs may also be conducted.

If the final audits or reviews find that the LPA has been over-reimbursed, the LPA shall reimburse the DOTD for the amount identified by the final audit or review. In turn, the DOTD will credit these funds to the FHWA. Otherwise, the DOTD will make the final reimbursement to the LPA, taking into account any adjustments required by the final audit or review.

**NOTE: The FHWA may elect to conduct a comprehensive audit of the construction phase of any project receiving Federal-aid funding.**

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# Billing / Payment

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## Billing/Reimbursement

This chapter provides guidance for the LPA in complying with DOTD and FHWA financial requirements for federal and state-funded transportation programs and projects. This chapter includes guidance on eligible expenses and invoicing requirements.

Billings will not be accepted before the Entity-State Agreement (ESA) /Memorandum of Understanding (MOU) is executed **and** a written Notice to Proceed (NTP) has been executed by the Department of Transportation and Development (DOTD). The execution of the ESA/MOU **DOES NOT** constitute approval of federal funds. This written Notice to Proceed from DOTD is **separate** from the ESA/MOU.

DOTD assigns a project number for all construction projects. This number identifies the project. It should be used when corresponding with the DOTD.

Once the agreement has been executed and the DOTD has given the local agency a written Notice to Proceed to proceed, the LPA submits progress billings monthly for each phase of work. The DOTD will disburse the Entity monthly the correct FHWA ratio of the costs of preliminary engineering services, right-of-way acquisitions, utility adjustments and the costs of construction in effect at the time of the written Notice to Proceed. **Any work that is performed before the official written Notice to Proceed date does not qualify for participation.** Progress billings are submitted as follows:

1. The DOTD sends the LPA the funding Notice to Proceed letter
2. The LPA submits a request for payment with the supporting documentation to their Project Manager in accordance with the Agreement.

**The supporting documentation should include copies of invoices or a summary, as prescribed by the Project Manager, a to-date project summary schedule, tracking payment requests and any adjustments made by the LPA.**

When submitting the monthly invoice, the LPA should submit a statement providing the following, where applicable:

- The voucher is accurate and the payment request for satisfactorily completed work.
- All Civil Rights, Equal Opportunity, and DBE-related documentation, as applicable to the project, has been submitted.
- All applicable environmental controls are in place and are being maintained by the contractor. (If a construction invoice)
- All materials used on the project during the pay period meets applicable FHWA and DOTD requirements, as applicable to federal aid and DOTD maintained projects.

- A breakdown of current charges for material-on-hand, any price adjustment, fuel adjustment, and change order(s).
- An updated project schedule (when a schedule is contractually required) showing the items completed during the pay period.
- An executed DOTD Cost Disbursement Certification by the proper designated official of Entity.

## **Number and Timing of Submittals**

Progress billings will be numbered sequentially. The first invoice requesting federal-aid disbursement must include the first date expenditures were actually incurred on the project. A project level invoice, accompanied by supporting documentation or summary of expenses, should be submitted to the DOTD Project Manager no more frequently than monthly, however in order to ensure timely processing and verification of invoices, all invoices shall be submitted within 90 days after any eligible project expenses are incurred by the LPA.

If the billing is prepared properly, payment should normally be received within three weeks of submittal. (The DOTD is responsible for making payment to the Entity within 30 days after the receipt of an acceptable invoice.) If payment is not received within one month, the LPA should contact the Project Manager. After payment is made, DOTD shall have an additional 30 days to review the invoice and supporting documentation. If DOTD objects to any of the costs, it will advise the LPA that the DOTD will make the adjustment on the next invoice. If no further invoices, the DOTD will bill the LPA for the questionable costs.

Upon receipt of each disbursement requested, the Entity is required to tender payment to the contractors/vendors for the invoiced cost and within sixty (60) days from receipt of payment from the DOTD, the Entity will provide proof of said payment. All such charges shall be subject to verification, adjustment and/or settlement by the DOTD's Audit Officer.

In the event the Entity elects to utilize consulting engineers to perform construction engineering services, it shall adhere to the DOTD's approved procedures for the selection and retainage of consultants prior to their utilization

Before final payment is recommended by the DOTD, all documentation of pay quantities shall conform to DOTD policies and procedures. The FHWA will not participate in the cost of items not constructed in accordance with the approved plans and specifications. The Entity will be obligated to assume full financial responsibility for non-participation items.

All final billings for all phases of work must be submitted within one year after the completion of final acceptance of the project. Failure to submit billings within the

specified one year period shall result in the project being closed on previously billed amounts. Any unbilled cost is the responsibility of the Entity.

Participation by the DOTD and the FHWA in the project shall in no way be construed to make the DOTD or the FHWA a party to the contract between the Entity and its contractor.

**No costs may be claimed for disbursement if incurred prior to the written Notice to Proceed with the work. All projects must be programmed in the STIP.**



**STATE OF LOUISIANA  
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT**

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SHERRI H. LEBAS, P.E.  
SECRETARY

## COST DISBURSEMENT CERTIFICATION

<b>Date:</b>	<b>Entity:</b>	<b>Estimate No:</b>
<b>Project No:</b>	<b>Contract:</b>	<b>Amount:</b>
<b>Project Name:</b>		<b>Phone No:</b>

BY EXECUTION OF THIS DOCUMENT, I CERTIFY, ON BEHALF OF ENTITY THAT THE WORK, AS EVIDENCED BY THE ATTACHED INVOICES, HAS BEEN PERFORMED IN ACCORDANCE WITH THE TERMS OF THE DOTD/ENTITY AGREEMENT AND THAT THE SERVICES HAVE BEEN PERFORMED AND/OR THE GOODS RECEIVED. ENTITY AGREES THAT WITHIN SIXTY (60) DAYS FROM RECEIPT OF DISBURSEMENT BY DOTD, ENTITY WILL PROVIDE PROOF OF PAYMENT FOR THE INVOICED SERVICES AND/OR GOODS.

CERTIFIED BY: \_\_\_\_\_

Signature:

Date:

\_\_\_\_\_  
Title: