



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-10-0218

October 14, 2009

ARRA REVIEW OF INDOT NAFF

Indiana Inspector General Staff Attorney Todd Shumaker and State Examiner Bruce A. Hartman of the Indiana State Board of Accounts report as follows:

This report addresses an evaluation of the Non-urbanized Area Formula Program (NAFP)¹ activities of the Indiana Department of Transportation (INDOT)².

The NAFP is a federal program established under 49 USC § 5311 with the purpose of providing funds to non-urbanized locations for public transportation capital projects, operating costs of equipment and facilities for use in public transportation, and the acquisition of public transportation services.

On February 17, 2009, the United States Government enacted the

¹ IC 8-23-2-4.1 *et seq* establishes the authority of the Indiana Department of Transportation to implement and direct transportation policies and projects throughout the State of Indiana. These responsibilities include overseeing the use of federal transportation funds in State projects.

² The Indiana Department of Transportation is established in IC 8-23-2-1.

American Recovery and Reinvestment Act³ (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.⁴

The purpose of this report is to document a preliminary ARRA compliance review of the INDOT NAFFP by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

I

To date, INDOT has been provided \$12,671,992 in ARRA funding to be used for non-building expenses such as buses, vans, and other transit related equipment. Half of all funds were to be obligated by September 1, 2009, and the balance obligated by March 5, 2010. Upon completion of an environmental review, INDOT will presumably receive an additional \$7,644,142 which will be further used to improve, initiate, or continue public transportation service in non-urbanized areas. All funds must be liquidated by September 30, 2015.

II

The OIG's enabling statute provides that the OIG "is responsible for addressing fraud, waste, abuse, and wrongdoing in agencies." IC 4-2-7-2(b).

The SBOA has similar duties, including the authority to develop and publish "accounting and uniform compliance guidelines manuals" (Manuals) to

³ 40 USC 1606.

⁴ See: <http://www.recovery.gov>.

provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law.” IC 5-11-5-1(a).

Within these authorities, a preliminary review of this program was made. This review included, but was not limited to, reviewing the program objectives, meeting with the program staff, reviewing agency-completed spending plans, reviewing monthly update reports submitted to the Indiana Office of Management and Budget (OMB) and an assessment of the program’s risks.

From this preliminary review, we make the following findings and recommendations.

III

A

Findings

The program controls outlined in the NAFP spending plan approved by the OMB or other related documentation are adequate to meet the respective federal ARRA and State OMB guidelines and requirements. At a later date, additional procedures may be performed as deemed necessary to verify compliance with these requirements.

B

Recommendation

Accordingly, we offer no recommendations at this time, but advise INDOT employees to continue to apprise themselves of ARRA requirements and

developments.

Dated this 14th day of October, 2009.

APPROVED BY:

A handwritten signature in black ink, appearing to read "David O. Thomas". The signature is written in a cursive style with a horizontal line underneath it.

David O. Thomas, Inspector General