



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-275698

April 3, 1997

Congressional Committees

Subject: Status of Information Needed to Complete Financial Audit of the District of Columbia's Dedicated Highway Fund for Fiscal Year 1996

In August 1995, the Congress enacted the District of Columbia Emergency Highway Relief Act, Public Law 104-21. The act temporarily waived the requirement for the District to provide matching funds for federal-aid highway projects for fiscal years 1995 and 1996. The act requires that the District establish a Highway Fund¹ to repay the waived amounts and to make future matching share payments. The act also requires that we review and report² on the District's implementation of requirements to (1) expeditiously process and execute federal-aid highway contracts, (2) establish a revolving fund account,³ and (3) ensure that the necessary resources and expertise are available for highway projects.

The act further requires that we annually audit the Highway Fund's financial condition and results of operations for fiscal years ended September 30, and report on the results of the audit by December 31 of each year, beginning with December 31, 1996. GAO's audit report is also to include the Highway Fund's expected condition and operations for the succeeding 5 fiscal years.

¹Funds collected from the District's motor vehicle fuel taxes are to be deposited in the Highway Fund. The District estimated that fiscal year 1996 collections of motor vehicle fuel taxes will total about \$34 million.

²Our report entitled, D.C. Emergency Highway Relief Act (GAO/RCED-96-196R, June 28, 1996), provided our interim assessment of the emergency highway program.

³The revolving fund account was established to ensure that funds are reserved to make timely payments to contractors completing federal-aid highway projects.

This letter is to update you on the status of our work on the fiscal year 1996 financial audit of the District of Columbia's dedicated Highway Fund. To perform our work, we requested the District provide us with certain accounting information by November 15, 1996. But as we reported to you on November 4, 1996,⁴ the District's Chief Financial Officer (CFO), in a letter dated October 18, 1996, stated that the District would be unable to provide the relevant information by November 15. The CFO stated that the closing process for the Highway Fund is time consuming and identified key elements and associated time frames for completing the process:

- 6 weeks after year-end to receive vendor invoices,
- 45 to 75 days to record the invoices and perform internal reviews, and
- 30 days to post accruals and prepare final trial balances.

The CFO indicated that significant parts of the information needed to complete our audit would not be available until the end of January 1997. Based upon this time frame, our November 4 letter noted that the earliest date we would be able to complete our work and report to you would be March 31, 1997.

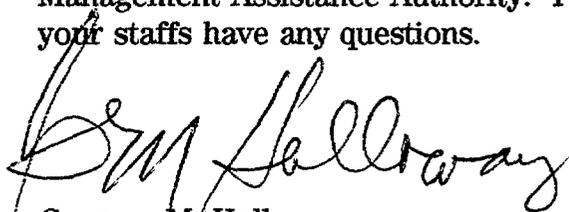
As of March 31, 1997, however, we had still not received all the required data from the District to perform our audit work, including critical information on the accounting procedures for the Highway Fund, detailed Highway Fund expenditure transactions, and the Highway Fund's expenditure forecast and related assumptions for the succeeding 5 fiscal years (fiscal years 1997 to 2001). District officials have advised us that they are in the process of compiling this information. Therefore, we are currently targeting completion of this audit and issuance of our report no earlier than July 31, 1997. We will keep you informed of our progress.

We are sending copies of this letter to the Chairmen and Ranking Minority Members of the Senate Committee on Appropriations and its Subcommittee on the District of Columbia; the Chairmen and Ranking Minority Members of the House Committee on Appropriations and its Subcommittee on the District of Columbia; the Chairmen and Ranking Minority Members of the Senate Committee on Governmental Affairs and its Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia; and the Chairmen and Ranking Minority Members of the House Committee on Government Reform and

⁴Highway Fund Audit (GAO/AIMD-97-14R, November 4, 1996).

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Oversight and its Subcommittee on the District of Columbia. In addition, copies will be sent to the District of Columbia's Mayor, Chief Financial Officer, Inspector General, and the District of Columbia Financial Responsibility and Management Assistance Authority. Please call me at (202) 512-9510, if you or your staffs have any questions.



Gregory M. Holloway
Director, Governmentwide Audits

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