



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

March 7, 2017

CIRCULAR LETTER 2017-06

MOTOR FUEL TAX FUND AUDITS AND DOCUMENTATION REVIEWS

COUNTY ENGINEERS / SUPERINTENDENT OF HIGHWAYS
MUNICIPAL ENGINEERS / DIRECTORS OF PUBLIC WORKS / MAYORS
TOWNSHIP HIGHWAY COMMISSIONERS

The Illinois Highway Code, 605 ILCS 5/, mandates the Illinois Department of Transportation oversight responsibility for the use of Motor Fuel Tax (MFT) funds by local public agencies (LPA). One of these responsibilities is to audit the LPAs internal control process for funds associated with MFT and another is to verify the proper use and accounting of MFT funds. The Department has chosen two separate mechanisms to fulfill these statutory requirements. The Department will be using MFT Audits and MFT Documentation Reviews organized by separate, independent, areas within the Department to accomplish the oversight responsibility.

MFT Audits – The Bureau of Investigations and Compliance (BIC) is responsible for conducting MFT internal control audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) for select LPAs each year. Those LPAs which are not selected for an audit will be asked to complete an annual Certification of Compliance Form and return it to the Department.

The actual audit is broad in scope and begins with an engagement letter including instructions in preparation for the audit. During the course of the audit, BIC staff will review the LPA's internal controls over financial reporting of the receipt and disbursement of MFT funds for the LPA's fiscal year. Examinations will be made of financial statements, revenue and expense records, contracts, and other documentary evidence to determine financial compliance. The review of this documentation will generally be performed two years following the end of the fiscal year in question in order to allow for close out of that fiscal year.

At the conclusion of a MFT audit, a draft report is prepared with findings which will give the LPA the opportunity to provide a response as to how they intend to correct deficiencies, if required. A final audit report will then be issued which will include any responses from the LPA. In accordance with the Auditing Standards, MFT audits are independent of the oversight and management area of MFT documentation reviews.

MFT Documentation Reviews – The central Bureau of Local Roads and Streets is responsible for statewide oversight of MFT policy and procedures. The District Bureau of Local Roads and Streets personnel are responsible to ensure day to day conformance with MFT policies and procedures. The MFT Documentation Reviews will ensure timely closeout of individual project sections and maintain accurate financial information for future obligation and authorization purposes.

CIRCULAR LETTER 2017-06
Page 2
March 7, 2017

The district MFT Documentation Review Technician reviews documentation and financial information at the project level for completeness and MFT eligibility. They will work with the LPA to identify and seek resolutions to problems when identified. Documentation reviews can require on-site reviews or, in some cases, a request for information electronically. Notification letters will be sent to identify particular projects or maintenance programs that will require corrective action.

Due to segregation of duties between these functions, your agency could be contacted independently by the Department with requests for similar documentation during the same year. Separate on-site visits could also occur. The Department will try to minimize this inconvenience but please be aware these requests are for separate purposes.

If you have any questions concerning the MFT Audit process, please contact the Bureau of Investigations and Compliance by telephone at (217) 557-1762 or by email at DOT.OQCR.MFT.Audits@Illinois.gov.

If you have any questions concerning the MFT Documentation Review process, please contact Greg Lupton, Local Project Implementation Engineer, by telephone at (217) 785-1670 or by email at Greg.Lupton@illinois.gov.

Sincerely,



Maureen E. Kastl, P.E.
Engineer of Local Roads and Streets

GL/tw

cc: Nancy Rambo, IDOT Bureau of Investigations and Compliance
Joel Moore, Illinois Association of County Engineers
Joe Schatteman, Illinois Municipal League
Bryan Smith, Township Officials of Illinois
Christine Filbert, Township Highway Commissioners of Illinois