

DEPARTMENT OF TRANSPORTATION

Aviation Grant Program and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Department of Transportation

The Department of Transportation is established by Section 20.23, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. During the period of our audit, the following individuals served as Department Secretary:

Jim Boxold From January 3, 2015
Ananth Prasad Through January 2, 2015

Commission for the Transportation Disadvantaged

The Commission for the Transportation Disadvantaged is established by Section 427.012, Florida Statutes, and consists of seven members appointed by the Governor. The Commission members who served during the period of our audit were:

David Darm, Chairman	Dane Grey
Mike Willingham, Vice Chairman	Marion Hart
Bryan Vaughan	Michael Horan
Charlotte Temple	

The head of the Commission is the Executive Director who is appointed by and serves under the direction, supervision, and control of the Commission. Steve Holmes served as Executive Director of the Commission during the period of our audit.

The team leader was Jim Beaumont, CPA, and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail at davidvick@aud.state.fl.us or by telephone at (850) 412-2817.

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DEPARTMENT OF TRANSPORTATION

Aviation Grant Program and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Transportation (Department) focused on the administration of the Aviation Grant Program and included a follow-up on the applicable findings noted in our report No. 2015-058. Our audit disclosed the following:

Aviation Grant Program

Finding 1: The Department had not established detailed and comprehensive policies and procedures for administering the Aviation Grant Program. The absence of such policies and procedures contributed to the deficiencies noted in Findings 2 through 7.

Finding 2: District records did not evidence the basis for awarding 224 Aviation Grant Program contracts, totaling approximately \$258.2 million in State financial assistance (SFA), during the period July 2014 through January 2016.

Finding 3: Aviation Grant Program contracts did not always evidence that recipients of SFA had been provided with the information necessary to comply with the requirements of the Florida Single Audit Act.

Finding 4: Aviation Grant Program contracts did not always include the provisions required by State law or sufficiently define deliverables in accordance with Department of Financial Services guidelines.

Finding 5: Aviation Grant Program contract payments were not always supported by sufficient documentation.

Finding 6: District staff did not always conduct or adequately conduct and document required site visits for Aviation Grant Program projects.

Finding 7: Although required for recipients to receive Aviation Grant Program funding, Department records did not always evidence that the Aviation and Spaceports Office had approved recipient airport master plans.

Commission for the Transportation Disadvantaged

Finding 8: As similarly noted in prior audit reports, most recently in our report No. 2015-058, the Commission for the Transportation Disadvantaged (Commission) had not established effective procedures and processes to ensure that appropriate monitoring of Community Transportation Coordinators (CTCs) was performed and documented.

Finding 9: Commission invoice processing controls continue to need enhancement to ensure that payments to CTCs for transportation disadvantaged services were supported by detailed records evidencing the allowability of the charges.

Finding 10: As similarly noted in prior audit reports, most recently in our report No. 2015-058, Commission procedures were not always adequate to ensure that the information included in the

Commission's annual performance report submitted to the Governor and the Legislature was accurate, complete, and supported by appropriate records.

Finding 11: The Commission had not performed periodic reviews of user access privileges to the Annual Operating Report (AOR) system. In addition, certain information technology (IT) security controls related to the AOR system need improvement to better protect the confidentiality, integrity, and availability of Commission data and related IT resources. Similar findings were noted in prior audit reports, most recently in our report No. 2015-058.

Road Ranger Service Patrol Program

Finding 12: As similarly noted in our report No. 2015-058, the Department had not established policies and procedures to ensure that monitoring efforts for Road Ranger Service Patrol contracts were sufficient and that adequate documentation of the monitoring activities was maintained.

Finding 13: Road Ranger Service Patrol Program payments were not always supported by sufficient documentation. A similar finding was noted in our report No. 2015-058.

Finding 14: Department user access privilege controls for the SunGuide system used to manage the Road Ranger Service Patrol Program continue to need enhancement.

Selected Administrative Activities

Finding 15: As similarly noted in our report No. 2015-058, the Department did not always timely or accurately record tangible personal property acquisitions in Department property records.

Finding 16: The Department did not always timely deactivate user access privileges to the Florida Accounting Information Resource Subsystem upon an employee's separation from Department employment. A similar finding was noted in our report No. 2015-058.

BACKGROUND

State law¹ provides that the Department of Transportation (Department) is responsible for coordinating the planning and development of a safe, viable, and balanced State transportation system. The Department operates with a decentralized organizational structure consisting of seven districts, a Turnpike Enterprise, a Rail Enterprise, and a Central Office.² The Department also provides assistance to the Florida Transportation Commission and administrative support to the Commission for the Transportation Disadvantaged.

¹ Section 334.044(1), Florida Statutes.

² Section 20.23, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

AVIATION GRANT PROGRAM

Pursuant to State law,³ the Department is responsible for planning the State's airport systems, promoting the development and improvement of the State's air routes, airport facilities, and landing fields and protecting their approaches, and stimulating the development of aviation commerce and air facilities. As authorized by State law,⁴ the Department, Aviation and Spaceports Office (Office), administers the Aviation Grant Program⁵ to provide funding for airport planning, airport improvement, land acquisition, airport economic development, and development and improvement of aerospace transportation facilities. For the Aviation Grant Program, the Legislature appropriated to the Department \$336.8 million for the 2014-15 fiscal year⁶ and \$369.1 million for the 2015-16 fiscal year.⁷ Such funding, when provided by the Department to non-State entities to carry out a State project, is considered State Financial Assistance (SFA) and is to be administered in accordance with the requirements of the Florida Single Audit Act (FSAA),⁸ Department of Financial Services (DFS) rules,⁹ and Rules of the Auditor General.¹⁰ The purpose of the FSAA, among other things, is to establish uniform State audit requirements for non-State entities receiving SFA; promote sound management of SFA; and ensure State agency monitoring, use, and follow-up on audits of SFA.

All publicly owned State airports that are included in the Florida Aviation System Plan (FASP) are eligible for the Aviation Grant Program. To be eligible for funding, an existing or proposed airport must have an airport sponsor (sponsor), such as a local government. In addition, airport projects must be consistent with the airport's role as defined in the FASP and, to the maximum extent possible, the approved local government comprehensive plan. Airport projects must also be included in the sponsor's Department-approved airport master plan and entered into the Department's Joint Automated Capital Improvement Program database. The Department awards Aviation Grant Program funding for projects through contracts with sponsors. In turn, sponsors often contract with third-party contractors who complete the actual design and construction of the projects. According to Department management, oversight of the third-party contractors is primarily the sponsors' responsibility.

Finding 1: Aviation Grant Program Policies and Procedures

State law¹¹ requires the Department's Central Office to establish policies, rules, procedures, and standards, and monitor the implementation of such policies, rules, procedures, and standards, to ensure uniform compliance and quality performance by the districts and the Department offices responsible for

³ Section 332.001, Florida Statutes.

⁴ The Florida Airport Development and Assistance Act, Sections 332.003 through 332.007, Florida Statutes.

⁵ Aviation Development Grants (Catalog of State Financial Assistance No. 55.004).

⁶ Chapter 2014-51, Laws of Florida.

⁷ Chapter 2015-232, Laws of Florida.

⁸ Section 215.97, Florida Statutes.

⁹ DFS Rules, Chapter 69I-5, Florida Administrative Code.

¹⁰ Chapters 10.550 and 10.650, Rules of the Auditor General.

¹¹ Sections 20.23(3)(a) and 334.048(3) and (4), Florida Statutes.

implementing transportation programs. An internal control framework that includes policies and procedures that prescribe the appropriate processes for administering the Aviation Grant Program is necessary to promote sound financial management and the conduct of appropriate monitoring for the Aviation Grant Program.

As part of our audit, we performed inquiries of Office and district management, reviewed Aviation Grant Program policies and procedures, and examined Department records related to the awarding of contracts for sponsor projects, approving project reimbursement invoices, and conducting and documenting project site visits. As described in Findings 2 through 7 of this report, our audit procedures disclosed deficiencies in the Department's oversight of Aviation Grant Program projects, primarily due to the absence of detailed and comprehensive Aviation Grant Program policies and procedures.

In response to our audit inquiry, Office management indicated that, to help ensure that Aviation Grant Program projects were completed in accordance with applicable State laws, Federal regulations, and Department contractual requirements, the Office relied on the controls established by each sponsor. Office management also indicated that reliance on a sponsor's controls was based on the sponsor's technical expertise and vested interest in ensuring the success of the project. While we noted that district records evidenced some Aviation Grant Program project oversight, for example there was documentation demonstrating that some sponsors contracted with professional engineers to conduct project inspections, Aviation Grant Program policies and procedures did not require district staff to review sponsor oversight activities related to Aviation Grant Program projects.

Detailed and comprehensive policies and procedures would strengthen the Department's accountability for the Aviation Grant Program and promote the consistent and appropriate administration of the Program, including the conduct and documentation of project oversight activities.

Recommendation: We recommend that Department management establish detailed and comprehensive Aviation Grant Program policies and procedures. Among other things, the policies and procedures should address the appropriate conduct and documentation of Aviation Grant Program project oversight activities.

Finding 2: Contract Award Process

The Office allocated Aviation Grant Program funding annually to each of the seven Department districts based on information such as the number of commercial flight enplanements by airport and census population data by county. The districts were responsible for annually awarding Aviation Grant Program funding to sponsors for specific airport projects. During the period July 2014 through January 2016, Department districts awarded 224 Aviation Grant Program contracts totaling approximately \$258.2 million in SFA.

As part of our audit, we examined Aviation Grant Program policies and procedures and found that, while the policies and procedures included general contract awards guidance, the policies and procedures did not provide to the districts detailed guidance regarding the methodology to be used to award Aviation Grant Program contracts or require the districts to document the contract award process. We also requested documentation from Office and district management to support the districts' basis for awarding the 224 Aviation Grant Program contracts. In response to our audit inquiry, district management indicated

that, to align the goals of the sponsors to those of the Department, awards for specific projects were determined after consultation with sponsors. However, documentation to support the districts' basis for awarding the 224 contracts could not be provided.

Detailed policies and procedures that prescribe the methodology to be used by districts to award Aviation Grant Program contracts and that require districts to document the contract award process would provide Department management greater assurance, and also serve to demonstrate, that contracts are appropriately awarded in accordance with Program goals and objectives.

Recommendation: We recommend that Department management establish detailed policies and procedures prescribing the methodology to be utilized by the districts for Aviation Grant Program contract awards and the documentation to be maintained to support the basis for the contract awards. In addition, we recommend that Department management ensure that the districts maintain appropriate documentation to support all Aviation Grant Program contract awards in accordance with established policies and procedures.

Finding 3: FSAA Compliance Requirements

The State Projects Compliance Supplement, issued by the DFS, identifies for State projects the significant compliance, eligibility, and matching requirements, suggested audit procedures, and other relevant information. The FSAA¹² requires that a State awarding agency provide SFA recipients the information necessary to comply with the FSAA, including information from the State Projects Compliance Supplement. The Department utilized a standard exhibit that was to be included in contracts funded by SFA to notify recipients of the required information. The standard exhibit was to list the compliance requirements applicable to each SFA program or, alternatively, the contract was to specify that the recipient was to comply with applicable provisions of laws, rules, regulations, and other guidelines, and, if practical, copies of the applicable provisions were to be attached.

As part of our audit, we examined Department records related to 42 Aviation Grant Program contracts, totaling approximately \$196.1 million in SFA, executed by the Department with sponsors during the period July 2014 through January 2016. We noted that, for 16 contracts totaling approximately \$160.8 million in SFA, Department district staff had not listed on the standard exhibit, or otherwise included in the contract, the compliance requirements applicable to the Aviation Grant Program.

In response to our audit inquiry, Department management indicated that staff oversight contributed to the exclusion of the required information from the Aviation Grant Program contracts. Absent proper sponsor notification of the information from the State Projects Compliance Supplement, including the specific compliance requirements applicable to the Aviation Grant Program, the Department cannot demonstrate compliance with the FSAA.

Recommendation: We recommend that Department management ensure that the required information from the State Projects Compliance Supplement is incorporated into each Aviation Grant Program contract in accordance with the FSAA.

¹² Section 215.97(5), Florida Statutes.

Finding 4: Contract Provisions

Pursuant to State law,¹³ an agreement that provides SFA to a recipient is to include a provision specifying a scope of work that clearly establishes the tasks that the recipient is required to perform and a provision dividing the agreement into quantifiable units of deliverables that must be received and accepted in writing by the agency before payment. For agreements executed on or after July 1, 2013, the agreement is also to include a provision specifying the financial consequences that apply if the recipient fails to perform the minimum level of service required by the agreement and a provision specifying that a recipient must refund to the State agency any balance of unobligated funds advanced or paid to the recipient.

State law¹⁴ requires the Chief Financial Officer to establish and disseminate uniform procedures for grant management to ensure that services are rendered in accordance with agreement terms before a State agency processes an invoice for payment. Accordingly, the DFS has made available to State agencies the *State of Florida Contract and Grant User Guide*, which states that, for each task identified in an agreement's scope of work, there should be an associated deliverable and the deliverable should be:

- Directly related to the scope of work.
- Used to measure the provider's progress.
- Specific, quantifiable, measurable, and verifiable.
- A necessary part of the provider's performance.
- Identified in the agreement along with a description of what constitutes successful performance of the event.
- Include minimum performance standards.

As part of our audit, we examined Department records related to 25 Aviation Grant Program contracts, totaling approximately \$32.5 million in SFA, active during the period July 2014 through January 2016, including 13 contracts executed after July 1, 2013, to determine whether the contracts included the provisions required by State law and sufficiently defined deliverables in accordance with DFS guidelines. Our audit procedures disclosed that:

- The scope of work for 13 contracts, totaling approximately \$23.8 million in SFA, did not clearly define the tasks the recipient was required to perform. For example, the required tasks in 2 contracts were broadly described as "Construct East T-Hangar Apron" and "Expansion of Airside F at Tampa International Airport."
- 24 contracts, totaling approximately \$29.8 million in SFA, did not include deliverables that were sufficiently defined and related to each task, or specify minimum service levels and evaluation criteria.
- 9 contracts, totaling approximately \$4.0 million in SFA, executed after July 1, 2013, did not specify the financial consequences that applied if the recipient failed to perform the required minimum level of service required by the agreement.
- A contract, executed after July 1, 2013, for the design and construction of an airport rescue and firefighting station did not specify that the recipient of approximately \$150,000 in SFA was

¹³ Section 215.971(1), Florida Statutes.

¹⁴ Section 215.971(2)(b), Florida Statutes.

required to refund to the Department the balance of any unobligated funds advanced or paid to the recipient.

In response to our audit inquiry, district management indicated that, while the general terms of an airport project are known to the district at the time a contract is awarded to a sponsor, the specific scope and deliverables of the contract are not known until the sponsor negotiates with third-party contractors and receives bids for the project tasks to be completed.

Notwithstanding this response, by incorporating in all Aviation Grant Program contracts the provisions required by State law and ensuring that deliverables are sufficiently defined, the Department can better ensure that the interests of the State are protected and more effectively monitor recipient compliance with the contract terms.

Recommendation: We recommend that Department management ensure that Aviation Grant Program contracts include the provisions required by State law and sufficiently define deliverables in accordance with DFS guidelines.

Finding 5: Project Expenditures

As previously noted, sponsors often contract with third-party contractors to complete the design and construction of Aviation Grant Program projects. These third-party contractors submit invoices for payment to the sponsors, which in turn submit invoices and supporting documentation to the Department for reimbursement for the State-portion of the project costs incurred. Office standard contract provisions required that all costs charged to an Aviation Grant Program project be supported by properly executed payroll and time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges. Department procedures¹⁵ required contractors to submit invoices to the Department according to the terms and conditions of the written agreement and that invoices include detailed documentation, such as payroll registers and travel reimbursement forms, to support all invoiced costs. Department procedures also specified that contractor travel costs were to be reimbursed in accordance with State law¹⁶ and supported by a Department *Contractor Travel Form*.

As part of our audit, we inquired of Office and district management and examined Department procedures for reviewing and approving Aviation Grant Program project reimbursement invoices submitted by sponsors. We also examined contract documentation, voucher packages, Florida Accounting Information Resource Subsystem (FLAIR) records, and other supporting records related to 40 Aviation Grant Program project reimbursement expenditures, totaling approximately \$98.8 million, made by the Department during the period July 2014 through January 2016. Our audit procedures disclosed that, for 25 expenditures totaling approximately \$29.3 million, district records did not include the detailed documentation necessary to support the expenditures. Table 1 summarizes, by district, the number and dollar amount of the inadequately supported expenditures included in our testing.

¹⁵ Department *Disbursement Handbook for Employees and Managers*.

¹⁶ Section 112.061, Florida Statutes.

Table 1
Aviation Grant Program Project Expenditures
Without Adequate Support

District	Number of Expenditures Included in Audit Testing	Number of Expenditures Inadequately Supported	Amount of Inadequately Supported Expenditures
1	5	4	\$ 3,247,790
2	2	2	2,044,691
3	2	1	286,777
4	8	-	-
5	15	10	13,551,109
6	3	3	3,136,771
7	5	5	7,007,227
Totals	<u>40</u>	<u>25</u>	<u>\$29,274,365</u>

Source: Audit procedure results.

For example, we noted that:

- The primary form of documentation submitted by sponsors to the Department to support reimbursement invoices was a percentage of work completed invoice prepared by third-party contractors. However, our examination of district expenditure records disclosed that, prior to reimbursing the sponsor, the districts did not always obtain documentation, such as materials and third-party contractor invoices and payroll registers, to support the costs charged to the Aviation Grant Program project.
- Sponsor invoice descriptions of the goods and services provided by the third-party contractor and the basis for consultant costs were not always clear.
- Requests for travel reimbursement were submitted without documentation to support the charges.

Responses to our audit inquiries of district management disclosed inconsistencies in the supporting documentation obtained and reviewed by each district prior to the approval of sponsor reimbursement invoices. For example, some district management indicated that time sheets and *Contractor Travel Forms* were required supporting documentation; however, other districts did not require such records. Although district management indicated that they followed Department procedures related to invoice processing, the Office had not provided the districts with detailed guidance identifying the specific documentation to be obtained and reviewed prior to approving Aviation Grant Program reimbursement invoices from sponsors.

Absent adequate documentation supporting that the amounts invoiced are for actual materials and services provided in accordance with Aviation Grant Program contract provisions, the Department cannot demonstrate the appropriateness of the expenditures.

Recommendation: We recommend that Department management enhance policies and procedures to provide detailed guidance to the districts. Such guidance should specify the supporting documentation required to be obtained and reviewed prior to approving Aviation Grant Program reimbursement invoices from sponsors. We also recommend that Department management ensure that supporting documentation is maintained to evidence the districts' review and approval of sponsor reimbursement invoices.

Finding 6: Project Site Visits

Department procedures¹⁷ required district staff to visit each active project site at least once every year and, when the project was completed, conduct a final site visit prior to processing the final invoice to verify that the work was completed in accordance with the contract. The procedures required all site visits to be documented in district project files.

We examined Department records related to site visits for 25 Aviation Grant Program projects, with related contract amounts totaling approximately \$199.2 million in SFA, that were active for at least 1 year as of January 31, 2016. In addition, we examined Department records related to final site visits for 10 Aviation Grant Program projects, with related contract amounts totaling approximately \$18.7 million in SFA, that were closed during the period July 2014 through January 2016. Our examination disclosed that district staff did not always conduct, or adequately conduct and document, required project site visits. Table 2 summarizes by district, the number and related contract amounts of the projects with site visit deficiencies.

Table 2
Aviation Grant Program Project Site Visit Deficiencies

District	Number of Projects Tested	Number of Projects with Site Visit Deficiencies	Related Contract Amounts
1	5	5	\$ 2,595,000
2	3	-	-
3	4	2	2,850,000
4	7	4	4,078,472
5	11	7	34,149,582
6	1	1	6,980,495
7	4	1	160,900
Totals	<u>35</u>	<u>20</u>	<u>\$50,814,449</u>

Source: Audit procedure results.

Specifically, for 20 projects we found that:

- Site visit reports for 2 District One projects had not been prepared. For another District One project jointly funded by the Federal Aviation Administration, District management indicated that no site visits had been conducted during the period July 2014 through January 2016 because the project was still in the preliminary design phase and site work had not begun. District management also indicated in response to our audit inquiry that the Federal Aviation Administration no longer planned to move forward with the project and we noted that, as of January 4, 2016, the Department had expended approximately \$7.1 million in State funds for preliminary design work.
- Although site visits for 1 District Five project had been completed and documented in 2013 and 2015, District records did not evidence that the required project site visit for 2014 had been conducted.

¹⁷ Department Topic No. 725-040-040-k, *Aviation Program Management*.

- District Seven records did not evidence that a final site visit for 1 project was conducted prior to making the project's final payment for \$584,342 in May 2015.
- For 6 projects (1 project each from Districts One, Three, Five, and Six, and 2 District Four projects), district records did not include sufficient evidence demonstrating that district staff had appropriately assessed the status of the project during the annual project site visits. For example, for a \$1.6 million District One project, the site visit report notes stated that "construction of the exterior is nearly complete. Work on the interior is underway." and the report did include other evidence demonstrating that the project's status had been appropriately assessed. For 5 projects (1 District Three project and 2 projects each from Districts Four and Five), district records did not include adequate documentation demonstrating that district staff had appropriately assessed the project status during the final site visit. In response to our audit inquiry, Office management indicated that, while conducting a site visit, district staff were to determine whether the project was progressing as outlined in the contract's scope of services.
- For 1 District One and 4 District Five projects, although a final site visit report was prepared, district records did not adequately demonstrate that staff had verified that the work on the project was completed in accordance with the project's contract deliverables and scope of services. In response to our audit inquiry, District One management indicated that district staff were not inspectors and that, while they performed site visits, no documentation was maintained to evidence the basis for the final site visit report conclusions. Additionally, District Five management indicated that only the final site visit report was maintained and that the district relied on communication with the airport sponsors to determine if the project was closed in accordance with the contract.

In addition, we noted that Department procedures did not provide sufficient guidance regarding the criteria, standards, methods, and documentation to be used and reviewed by district staff to accurately assess the status of Aviation Grant Program projects, which may have contributed to the deficiencies noted.

Effective monitoring evaluates whether desired service outcomes are being achieved and identifies performance problems as early as possible so that corrective action may be timely initiated. Without adequate documentation of project site visits conducted in accordance with procedures that establish specific criteria, standards, and methods to be adhered to, the Department cannot clearly demonstrate that Aviation Grant Program projects were completed in accordance with contract terms.

Recommendation: We recommend that Department management establish detailed guidance including the criteria, standards, methods, and documentation to be used and reviewed by district staff during site visits to assess the status of Aviation Grant Program projects.

Finding 7: Airport Master Plans

Office procedures¹⁸ specified that, to be eligible for Aviation Grant Program funding, a sponsor was to identify capital projects in a Department-approved airport master plan. Sponsors prepare airport master plans to support the expansion and modernization of existing airports and to justify the construction of additional airports needed to accommodate aviation growth. Office procedures¹⁹ required the governmental entity that owned the airport to approve the airport master plan and that the Office approve

¹⁸ Office Procedure Topic No. 725-040-040-k, *Aviation Program Management*.

¹⁹ Office Procedure Topic 725-040-100-h, *Airport Master Plans*.

the airport master plan based on Department standards. However, Office procedures did not require district staff to maintain evidence of the airport master plan approvals.

To determine whether the Office approved airport master plans prior to executing Aviation Grant Program contracts, we examined Department records related to 22 sponsors the Department executed Aviation Grant Program contracts with during the period July 2014 through January 2016. Our examination disclosed that, for 20 of the 22 sponsors, the Department was unable to provide documentation demonstrating that the sponsor's airport master plan had been approved by the Office.

Absent evidence to support Office approval of sponsor airport master plans, the Department cannot demonstrate that projects are eligible for Aviation Grant Program funding.

Recommendation: We recommend that Department management strengthen procedures to ensure that Office approval for all sponsor airport master plans is adequately documented and maintained in Department records.

COMMISSION FOR THE TRANSPORTATION DISADVANTAGED

State law²⁰ establishes the Commission for the Transportation Disadvantaged (Commission) within the Department and provides that the Commission is responsible for coordinating transportation services provided to the transportation disadvantaged.²¹ According to the Commission's *2015 Annual Performance Report*, during the 2014-15 fiscal year, approximately 493,000 Floridians were provided transportation disadvantaged services consisting of approximately 17.8 million trips. Funding to provide transportation disadvantaged services is derived from a variety of Federal and State sources including:

- Federal funds received from the Medicaid Program.²²
- \$1.50 from each private automobile and light truck registration.²³
- \$5 from each temporary disabled parking permit.²⁴
- \$1 voluntary contribution added to motor vehicle registration fees.²⁵
- 15 percent of the funds designated for the public transit block grant program.²⁶
- Other miscellaneous State funds.

Pursuant to State law,²⁷ the Commission is assigned to the Department for administrative and fiscal accountability purposes, but otherwise is to function independently of the control, supervision, and direction of the Department. The Commission consists of seven members appointed by the Governor,

²⁰ Sections 427.012 and 427.013, Florida Statutes.

²¹ Section 427.011(1), Florida Statutes, defines the transportation disadvantaged as those persons who because of physical or mental disability, income status, or age are unable to transport themselves or purchase transportation and are, therefore, dependent upon others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities, or children who are handicapped or high-risk or at-risk as defined in State law.

²² The Commission's contract with the Agency for Health Care Administration to provide Non-Emergency Transportation services to eligible Medicaid beneficiaries ended on February 28, 2015.

²³ Section 320.03(9), Florida Statutes.

²⁴ Section 320.0848(4)(c)2., Florida Statutes.

²⁵ Section 320.02(14), Florida Statutes.

²⁶ Section 341.052(5), Florida Statutes.

²⁷ Section 427.012(9), Florida Statutes.

and the Commission employs an Executive Director who is appointed and serves under the direction, supervision, and control of the Commission.²⁸ As of July 2016, the Commission had 12 staff persons, including the Executive Director and five project managers.

The Commission contracts with community transportation coordinators (CTCs) and planning agencies to assist with transportation service coordination throughout the State. Each planning agency is to establish a local coordinating board (LCB) that is responsible for overseeing and evaluating the CTCs.

In our report No. 2015-58, we disclosed deficiencies related to various Commission operations, including the oversight of moneys provided to entities in connection with transportation disadvantaged services, annual reporting, and information technology (IT) controls. As part of our audit, we performed follow-up procedures to determine whether Commission management had taken corrective actions for the applicable findings included in our report No. 2015-058. The specific details of the continuing deficiencies noted are described in Findings 8 through 11 of this report.

Finding 8: Commission Monitoring Activities

State law²⁹ requires the Commission to develop a quality assurance and management review program to monitor, based on approved Commission standards, the services provided by each CTC. Commission rules³⁰ specify that the monitoring is to include, but not be limited to, CTC costs of services and coordination and accessibility results. Commission rules³¹ also require LCBs to annually evaluate CTC performance based on evaluation criteria provided by the Commission and submit the evaluations, approved by the LCB, to the Commission.

The Commission primarily relied on the LCBs' annual CTC evaluations to satisfy the Commission's monitoring responsibilities. To facilitate the CTC evaluations, the Commission established for the LCBs a CTC evaluation workbook that included the required evaluation criteria.

As part of our audit follow-up procedures, we evaluated the adequacy of Commission monitoring activities, including Commission policies, procedures, and processes for reviewing and approving the LCBs' annual CTC evaluations, by interviewing Commission personnel and examining the CTC evaluation workbook and Commission records for ten CTC annual evaluations approved by an LCB during the period January 2015 through November 2015. As similarly noted in prior audit reports, most recently in our report No. 2015-058 (finding No. 3), our audit procedures disclosed that the Commission had not established the written procedures and processes necessary to ensure that appropriate monitoring of the CTCs was conducted and that the CTCs complied with applicable laws, rules, regulations, and grant agreement requirements. Specifically, we found that:

- For the ten CTC annual evaluations, the Commission was unable to provide documentation demonstrating that Commission personnel had reviewed the evaluations.
- For nine CTC annual evaluations, the Commission was unable to provide documentation demonstrating that all sections of the CTC evaluation workbook, such as the section designed to

²⁸ Section 427.012(1) and (7), Florida Statutes.

²⁹ Section 427.013(26), Florida Statutes.

³⁰ Commission Rule 41-2.0161(2), Florida Administrative Code.

³¹ Commission Rule 41-2.012(5)(b), Florida Administrative Code.

evaluate whether the CTC had complied with Commission safety standards,³² had been addressed by the LCBs.

- For three CTC annual evaluations, the applicable LCB meeting minutes did not document that the LCB had reviewed and approved the evaluations and no other documentation was available to evidence LCB review and approval of the evaluations. In addition, Commission records did not evidence that the Commission had followed up with the LCBs to ensure that the annual CTC evaluations were appropriately reviewed and approved.

In response to our audit inquiry, Commission management indicated that staffing shortages resulted in the absence of written procedures for monitoring CTC activities.

Appropriate monitoring would help the Commission ensure that the CTCs spend grant moneys only as authorized. In addition, maintaining documentation of the monitoring performed would serve to demonstrate compliance with CTC monitoring requirements established in applicable laws, rules, and regulations.

Recommendation: We again recommend that Commission management enhance monitoring procedures and processes to ensure adequate monitoring of the entities receiving State funds for transportation disadvantaged services is performed and documented.

Finding 9: Commission Expenditures

Trip and equipment grant agreements between the Commission and the CTCs required CTC invoices to be supported by detailed records, such as driver manifests, sufficient to evidence the allowability of the charges. Such records were to include the nature and date of the services rendered and the costs incurred and the required deliverables. In addition, Commission invoicing procedures required the CTCs to submit with trip invoices information for each trip identifying the operator, rider, invoice period, and the number of trips taken by the rider. The procedures included an example Non-Sponsored Trip Detail Summary form which CTCs could use to document trip information.

As part of our audit follow-up procedures, we examined grant agreements, voucher packages, FLAIR records, and other supporting records related to 15 trip and equipment grant payments, totaling \$879,090, made to CTCs during the period July 2015 through January 2016. As similarly noted in prior audit reports, most recently in our report No. 2015-058 (finding No. 4), our examination disclosed that Commission invoice processing controls needed enhancement to ensure that payments to CTCs for transportation disadvantaged services were supported by detailed records evidencing the allowability of the charges. Specifically, our audit procedures disclosed that, for 10 CTC payments, totaling \$448,825, the CTC's trip invoice documentation did not include all of the information required by Commission invoicing procedures, such as the operator name, rider name, invoice period, or the number of rider trips per day. In response to our audit inquiry, Commission management indicated that invoicing procedures were in the process of being revised to standardize the process by which the CTCs would provide the required trip information.

Absent sufficient procedures for obtaining and reviewing detailed CTC records supporting the allowability of charges for transportation disadvantaged services, Commission management cannot demonstrate that

³² Commission Rule 41-2.006(2), Florida Administrative Code.

payments are made in compliance with applicable laws, rules, regulations, and grant agreement terms and conditions. Commission management's assurances regarding the appropriateness of the payments are further diminished by the absence of appropriate monitoring described in Finding 8 of this report.

Recommendation: We again recommend that Commission management enhance invoicing procedures to ensure that adequate supporting documentation is received and reviewed prior to the payment of invoiced amounts.

Finding 10: Commission Annual Performance Report

The Commission is required to make an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1st each year.³³ Commission rules³⁴ provide that the report is to include a summary of the Commission's accomplishments for the preceding State fiscal year, the most current operational statistics for transportation disadvantaged services, any identified unmet needs, and the financial status of the Transportation Disadvantaged Trust Fund. To meet the statutory reporting requirements, the Commission publishes an *Annual Performance Report (APR)* based on data reported by the CTCs.

To facilitate collection of the required report data from the CTCs, the Commission developed the Annual Operating Report (AOR) system, a Web-based system for electronically reporting, collecting, and compiling CTC data. The CTCs use the AOR system to report summary level information related to income, expenses, and trips, such as the number of trips and vehicle miles. The CTCs are responsible for annually reporting the required data through the AOR system by September 15th.³⁵ Among the information required to be reported by the CTCs is the number of one-way passenger trips by type of service, by funding source, and by participant type; number of accidents; employee information; and revenue and expense information. Based on the data reported, the Commission calculates performance measures for each county and in total for the State. According to Commission instructions, the CTCs must be able to support all of the information submitted and the information is subject to Commission review.

Our examination of the Commission's 2014-15 fiscal year APR disclosed that the information reported for some counties and on a Statewide basis was not always correct or consistently reported in the APR. Specifically, we noted that:

- The reported number of accidents per 100,000 miles was incorrectly reported for 31 counties in the Statewide Data Tables section of the APR. The correct information for each of the counties was reported in the County Summaries section of the APR.
- The percentage of local funding for the system of transportation disadvantaged services was incorrect for 20 counties in the Statewide Data Tables section of the APR.
- The Statewide average for the nine applicable performance measures were not accurately reported in the APR. For example:

³³ Section 427.013(13), Florida Statutes.

³⁴ Commission Rule 41-2.007(8), Florida Administrative Code.

³⁵ Commission Rule 41-2.007(6), Florida Administrative Code.

- The average operating expense per total passenger trip was incorrectly reported as \$26.01 in the Statewide Data Tables section of the APR instead of the correct average of \$14.08.
- The average trips per paratransit passenger trip was incorrectly reported as 49.13 in the Statewide Data Tables section of the APR instead of the correct average of 30.30.

In response to our audit inquiry, Commission management indicated that they were aware of a number of issues encountered with verifying and reconciling the information included in the 2014-15 APR. As a result, to address data integrity issues, Commission management indicated that the Department was in the process of requesting funding for a new AOR system.

To evaluate whether Commission processes adequately ensured that the information reported by the CTCs was reviewed by the Commission for accuracy and completeness, we inquired of Commission personnel and examined documentation for 14 of the 67 CTC AORs prepared for the 2014-15 fiscal year. Our audit procedures disclosed that, as similarly noted in prior audit reports, most recently in our report No. 2015-058 (finding No. 7), the Commission had not fully evaluated the documentation supporting the information reported by the CTCs and, although Commission procedures had been established for the completion of CTC AORs, the procedures did not require Commission personnel to review and approve each CTC AOR. In response to our audit inquiry, Commission management indicated that Commission project managers utilized checklists to conduct limited checks for completeness and reasonableness regarding fluctuations in activities from year to year.

Our examination of documentation for the 14 CTC AORs included in our testing disclosed that Commission processes were not adequate to ensure that CTC explanations for reported activity fluctuations were reasonable. For example:

- To explain an increase in one CTC's total expenses from \$810,096 during the 2013-14 fiscal year to \$1,081,079 during the 2014-15 fiscal year, while total revenues decreased from \$839,738 to \$428,089 during the same period, the Commission accepted the CTC's explanation for one expense type that "this information reported last year was reported incorrectly. This amount for this year is correct."
- To explain one CTC's decreases in total trips, vehicle miles, and expenses from the 2013-14 fiscal year to the 2014-15 fiscal year, the Commission accepted the CTC's explanation that "we cannot be sure of last year's numbers. We are more confident of these numbers."

In response to our audit inquiry, Commission management indicated that, while the Commission had established a process to review the information provided in CTC AORs, the reviews did not include an assessment of the reasonableness of CTC explanations for reported activity fluctuations.

A comprehensive review of APR and CTC AOR information, including reviews of supporting documentation and evaluations of the reasonableness of CTC-provided explanations for year-to-year fluctuations, would provide additional assurance that the information collected from the CTCs and reported to the Governor and the Legislature for consideration in funding and policy decisions is accurate and complete.

Recommendation: We again recommend that Commission management enhance procedures for compiling the APR to ensure that information reported in the APR to the Governor and the Legislature is accurate, complete, and supported by appropriate documentation.

Finding 11: Commission Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. As similarly noted in our report No. 2015-058 (finding No. 8), our audit follow-up procedures disclosed that the Commission needed to improve security controls for the AOR system. Specifically, we noted that:

- Periodic reviews of AOR system user access privileges had not been performed. Agency for Enterprise Information Technology (AEIT) rules³⁶ required agency information owners to review access rights (privileges) periodically based on risk and such reviews help ensure that only authorized users have access and that the access privileges provided to each user remain appropriate.
- Certain security controls related to the AOR system needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Commission data and related IT resources. However, we have notified appropriate Commission management of the specific issues. Without adequate security controls related to AOR system user authentication, the risk is increased that the confidentiality, integrity, and availability of Commission data and related IT resources may be compromised. In response to our audit inquiry, Commission management indicated that the Department had obtained funding for the 2016-17 fiscal year to enhance AOR system security controls.

Recommendation: We again recommend that Commission management ensure periodic reviews of AOR system user access privileges are performed to verify the continued appropriateness of assigned user access privileges. We also recommend that Commission management strengthen certain security controls related to AOR system user authentication to ensure the continued confidentiality, integrity, and availability of Commission data and related IT resources.

ROAD RANGER SERVICE PATROL PROGRAM

The Road Ranger Service Patrol Program (Road Ranger Program), administered by the Department and its partners, provides highway assistance services to reduce delays and improve safety for the motoring public and responders. The Road Ranger Program's primary services include coordinating with the Florida Highway Patrol and other law enforcement agencies to quickly clear minor incidents from travel lanes, and to assist other incident responders in lane clearance and traffic control during major incidents. Additionally, Road Ranger patrol vehicles are equipped to assist motorists, free of charge, by providing limited amounts of fuel, assisting with tire changes, and helping with other types of minor emergency vehicle repairs.

The Road Ranger Program is managed independently by each of the Department's seven districts and the Turnpike. Each district and the Turnpike contracted with independent service contractors to provide

³⁶ AEIT Rule 71A-1.007(2), Florida Administrative Code. Effective July 1, 2014, Chapter 2014-221, Laws of Florida, created the Agency for State Technology (AST) within the Department of Management Services and authorized a type two transfer of all records, property, administrative authority, and administrative rules in Chapters 71A-1 and 71A-2, Florida Administrative Code, of the AEIT to the AST. On June 5, 2016, Chapters 71A-1 and 71A-2, Florida Administrative Code, were repealed. The AST adopted Rules 74-2.001 through 74-2.006, Florida Administrative Code, effective March 16, 2016, establishing the Florida Cybersecurity Standards. AST Rule 74-2.003(1)(a)6., Florida Administrative Code, requires State agencies to conduct periodic reviews of access privileges based on system categorization or assessed risk.

assistance to motorists by patrolling the State's high incident locations, such as interstates, major freeways, and construction zones.

According to Department personnel, the districts and the Turnpike had 12 active Road Ranger Program contracts, totaling \$206,244,518, during the period July 2014 through January 2016. To oversee Road Ranger Program contractor compliance with contract terms and conditions, a project manager was assigned to each of the Program contracts and given responsibility for enforcing performance of the contract terms and conditions, serving as a liaison with the contract vendor, and ensuring that the contract terms and provisions were complied with prior to processing invoices for payment. Department records indicated that, during the period July 2014 through January 2016, expenditures related to the 12 contracts totaled approximately \$53.6 million.

Finding 12: Road Ranger Program Contract Monitoring

The Department established a standard scope of services to be included by the districts and the Turnpike in all Road Ranger Program contracts. The scope of services required the contractor to maintain and provide the Department with documentation demonstrating compliance with various contract terms. The required documentation included:

- Monthly service vehicle inspection reports.
- Vehicle operator daily service patrol logs.
- Proof that each Road Ranger vehicle operator is licensed in accordance with the Florida Motor Vehicle Code and has a safe driving record.
- Criminal history check, results of periodic drug screenings, and résumé for each Road Ranger vehicle operator.
- Each Road Ranger vehicle operator's current certification for completing Intermediate Maintenance of Traffic, Traffic Incident Management, CPR, and first aid training.

Additionally, Districts One, Two, Four, Six, Seven, and the Turnpike added additional documentation requirements to the scope of services, such as proof of compliance with minimum Road Ranger vehicle operator pay requirements, fuel price adjustment requirements, and submission of changes to scheduled shifts, vehicle operators, or service vehicles.

As part of our audit follow-up procedures, we evaluated district and Turnpike processes for monitoring Road Ranger Program contracts by interviewing key district and Turnpike staff and reviewing the scope of services and monitoring records for five Program contracts (four district contracts and one Turnpike contract),³⁷ totaling \$131,948,870, and active during the period July 2015 through January 2016. As similarly noted in our report No. 2015-058 (finding No. 9), our audit procedures found that the Department had not established policies and procedures, or other guidelines, requiring district and Turnpike staff to document the specific criteria, standards, and methods used to monitor the contracts, follow up on any compliance issues noted, or conduct supervisory reviews of contract monitoring activities. In addition,

³⁷ We included the following contracts in our audit testing: a 6-year District Two contract (No. BDQ25) totaling \$8,085,848; a 10-year District Three contract (No. BDL51) totaling \$45,096,139; a 5-year District Four contract (No. BDR20) totaling \$8,678,508; a 5-year District Six contract (No. BDW05) totaling \$41,762,428; and a 5-year Turnpike contract (No. BDV67) totaling \$28,325,947.

our audit testing disclosed that district and Turnpike records did not always demonstrate that sufficient Road Ranger contract monitoring had been performed. Specifically, we noted that:

- For all five contracts, district and Turnpike records did not evidence that all Road Ranger vehicle operator requirements had been reviewed as part of contract monitoring, including drug screenings, driving records, background checks, insurance policy verifications, employee experience, and training credentials.
- For the \$45,096,139 District Three contract, district records did not evidence the periodic inspection of Road Ranger service vehicles.

Effective contract monitoring procedures evaluate whether the desired service requirements are being met and identify compliance problems as early as possible so that corrective action may be timely initiated. Without adequate documentation evidencing the sufficiency of the monitoring activities performed, district and Turnpike management cannot clearly demonstrate that Road Ranger Program services were provided in accordance with contract terms or that required contract deliverables were received. In addition, absent policies and procedures that specify the criteria, standards, and methods used to monitor Road Ranger Program contracts and require supervisory review of contract monitoring activities, the ability of district and Turnpike management to ensure that monitoring activities were adequately performed and that any noted issues of noncompliance were addressed by the appropriate level of management is diminished.

Recommendation: We again recommend that Department management establish, for district and Turnpike staff use, Road Ranger Program contract monitoring policies and procedures that specify the criteria, standards, and methods to be used to monitor contracts, the monitoring records to be maintained, and supervisory review requirements. We also recommend that District and Turnpike management ensure that monitoring activities are adequately documented and performed in accordance with Department policies and procedures.

Finding 13: Road Ranger Program Contract Payments

State law³⁸ provides that, where applicable, State agency contractual services contracts in excess of \$35,000 are to require that bills for fees or other compensation for services or expenses be submitted in detail sufficient for a proper preaudit and postaudit thereof. In addition, the DFS *State of Florida Contract and Grant User Guide* specifies that, before a State agency processes an invoice for payment, each contract manager is to review the documentation necessary to gain reasonable assurance that services have been satisfactorily provided within the terms of agreement.

In our report No. 2015-058 (finding No. 10), we noted that Road Ranger Service Patrol contract payments were not always supported by adequate documentation. As part of our audit follow-up procedures, we interviewed Department, district, and Turnpike personnel, reviewed Department policies and procedures, and examined Road Ranger Program contract records. Our audit procedures disclosed that all Road Ranger Program contracts included provisions requiring bills for services be submitted in detail sufficient for a proper preaudit and postaudit and that, in July 2015, Department management developed a checklist specifying the documentation to be collected and actions to be taken by the contract manager when they received and processed invoices for work performed.

³⁸ Section 287.058(1)(a), Florida Statutes.

To evaluate whether district and Turnpike invoice payment processes were operating effectively, our audit follow-up procedures also included examining voucher packages, FLAIR records, Automatic Vehicle Location reports, contract documents, and other supporting records for 20 contract payments, totaling \$2,675,117, made during the period July 2015 through January 2016 and related to 11 Road Ranger Program contracts, each exceeding \$35,000. Our audit procedures again disclosed that the districts and Turnpike could not always demonstrate that contract invoices were appropriately reviewed or the payments supported by adequate documentation. Specifically, we found that:

- No documentation was available to demonstrate that the contract manager corroborated invoiced hours and amounts to documents such as reports of actual hours worked and daily operating logs for the 16 applicable contract payments totaling \$2,595,389.
- For 5 contract payments, totaling \$531,469, the contract payments were supported only by the contractor's invoice summary worksheet.
- There were 15 contract payments associated with contracts that required contractors to comply with minimum pay rate requirements; however, no evidence was available to demonstrate that the contractor submitted proof of pay rates for 10 of the contract payments totaling \$1,558,614. In response to our audit inquiry, District management indicated that minimum pay rates were not reviewed as part of the invoice review process.
- There were 15 contract payments related to contracts that required fuel price adjustments; however, Department expenditure records did not include support for the fuel price adjustment calculations for 10 of the contract payments totaling \$1,541,590. In response to our audit inquiry, District management indicated that fuel prices were not always included in the invoice documentation. Additionally, District Two management indicated that fuel price adjustments had not been enforced by the District.

Our examination of the voucher packages also disclosed that, while Districts One and Six had implemented use of the Department's checklist during the invoice review process, documentation supporting the expenditure was not always included in the voucher package for these districts. In addition, our audit inquiries disclosed that the other five districts and the Turnpike had not implemented use of the checklist or were unaware of Department management's instructions to use the checklist.

Absent adequate documentation supporting that the amounts invoiced are for actual services provided in accordance with Road Ranger contract provisions, the Department cannot demonstrate the appropriateness of the contract payments.

Recommendation: We recommend that Department management ensure that district and Turnpike staff, prior to approving Road Ranger contractor invoices for payment, utilize Department established checklists and appropriate supporting documentation to evidence that services were rendered in accordance with contract requirements.

Finding 14: SunGuide User Access Privilege Controls

Effective IT access controls are intended to prevent and detect inappropriate access to IT resources and protect the confidentiality, integrity, and availability of data. Effective access controls include measures to timely remove employee access privileges when access is no longer required and provisions that provide for the periodic review of user access privileges to identify and resolve any instances where excess or incompatible privileges have been granted or access was no longer needed.

SunGuide Software (SunGuide) is an advanced traffic management system that allows the Department to control and monitor roadside equipment and vehicle resources to facilitate traffic and incident management, disseminate traveler information to the motoring public, exchange critical information among agencies, and collect and report data regarding the operation of the State's transportation system. According to Department personnel, district and Turnpike management were responsible for controlling access to SunGuide. During the period January 2015 through January 2016, access to SunGuide was granted to district, Turnpike, and Regional Transportation Management Center contractor personnel.

In our report No. 2015-058 (finding No. 14), we noted that the Department had not conducted periodic user access privilege reviews for SunGuide and did not always timely deactivate employee access privileges to SunGuide upon an employee's separation from Department employment. As part of our audit follow-up procedures, we inquired of Department management and examined Department records related to SunGuide user access privileges for the period January 2015 through January 2016. Our audit procedures disclosed that:

- Districts One, Two, Four, Five, Six, and Seven, and the Turnpike had not conducted periodic reviews of user access privileges to SunGuide.
- District Six had not timely deactivated one employee's user access privileges upon the employee's separation from Department employment. Subsequent to our audit inquiry, and 166 days after the employee's separation date, the employee's user access privileges were deactivated.
- According to Department management, SunGuide only retains a list of active user accounts and does not retain a history of user access. Consequently, we were unable to evaluate whether the access privileges for SunGuide users who separated from Department or contractor employment during the period January 2015 through January 2016 were timely deactivated.

Timely deactivation and periodic reviews of user access privileges reduces the risk that unauthorized SunGuide activity may occur and not be timely detected. In addition, maintaining a record of historical SunGuide user access privileges would better demonstrate that user access privileges are timely deactivated upon an employee's separation from Department or contractor employment or when privileges are no longer required.

Recommendation: We again recommend that Department management ensure that periodic reviews of SunGuide user access privileges are performed to verify the continued appropriateness of assigned user access privileges. We also recommend that Department management develop a methodology to retain historical user access privilege records for SunGuide.

As part of our audit, we also evaluated selected Department administrative activities and controls, including those related to tangible personal property and FLAIR access privileges.

Finding 15: Tangible Personal Property Controls

Effective controls for the management of tangible personal property³⁹ require that property items be adequately controlled, safeguarded, and accounted for by Department management. DFS rules⁴⁰ require State agencies to record all tangible personal property with a value or cost of \$1,000 or more and a projected useful life of 1 year or more in the FLAIR Property Subsystem. The acquisition cost recorded for each tangible personal property item is to include the invoice price plus all costs necessary to get the property in place and ready for use, less any discounts. For example, any transportation or delivery fees and installation costs are to be added to the invoice price of the related tangible personal property item when the item is recorded in the FLAIR Property Subsystem. Department policies and procedures⁴¹ specified that tangible personal property was to be added to Department property records within 60 days of recording the related expenditure.

In our report No. 2015-058 (finding No. 18), we noted, among other things, that the Department did not always timely record tangible personal property acquisitions in Department property records. During the period January 2015 through January 2016, the Department recorded the acquisition of tangible personal property with acquisition costs totaling \$14,508,077. As part of our audit follow-up procedures, we examined Department records for 19 tangible personal property items, with recorded costs totaling \$190,984, acquired during the period January 2015 through January 2016, and noted that Department controls for timely and accurately recording purchases of tangible personal property in Department property records continue to need enhancement. Specifically, we noted that:

- The Department had not timely recorded 5 tangible personal property items, with acquisition costs totaling \$74,565, in Department property records. The 5 items were added to Department property records 62 to 127 days after the dates the Department recorded the related expenditures. In response to our audit inquiry, Department management indicated that insufficient vendor documentation, miscommunication, and employee absences contributed to the delays.
- The Department did not include ancillary freight costs totaling \$250 when recording the acquisition cost of \$3,363 for an air compressor.
- For 1 property item, with an acquisition cost of \$11,970, the Department incorrectly recorded the acquisition cost as \$11,490, a difference of \$480. In response to our audit inquiry, Department management indicated that employee miscommunication caused the error.

Absent effective tangible personal property controls, Department management cannot demonstrate compliance with applicable DFS rules and has reduced assurances regarding the accuracy of the information needed to correctly report and maintain proper accountability over Department property.

³⁹ Property is defined in applicable laws and rules as State-owned equipment, fixtures, and other tangible personal property of a nonconsumable or nonexpendable nature, the value or cost of which is \$1,000 or more and the projected useful life of which is 1 year or more.

⁴⁰ DFS Rule 69I-72.002, Florida Administrative Code.

⁴¹ Department Topic No. 350-090-310-I, *Tangible Personal Property*.

Recommendation: We recommend that Department management enhance tangible personal property controls to ensure that Department property records are timely updated and accurately maintained in accordance with DFS rules.

Finding 16: FLAIR Access Controls

The Department utilizes FLAIR to authorize payment of Department obligations and to record and report financial transactions. Controls over employee access to FLAIR are necessary to help prevent and detect any improper or unauthorized use of FLAIR access privileges. Accordingly, FLAIR access should be: (1) limited to properly authorized employees, (2) appropriate for the employee's assigned duties and responsibilities, (3) promptly deactivated when employees separate from Department employment or are reassigned to a position requiring a new FLAIR user account, and (4) periodically reviewed for continued appropriateness.

Department policies and procedures⁴² required that, on or before the effective date of an employee's separation from Department employment, the employee's supervisor submit an *Automated Access Request Form (Request Form)* to the Office of the Comptroller (OOC) FLAIR Security Team indicating that FLAIR user access privileges were to be deactivated. The OOC FLAIR Security Team was to deactivate the user access privileges as soon as the *Request Form* was received. Department policies and procedures also required the OOC FLAIR Security Team to review an employee terminations report weekly to identify and deactivate FLAIR user access privileges assigned to former employees, even if a *Request Form* had not been received. All district Financial Service Managers and the OOC were also to review FLAIR access control reports on a monthly basis and immediately submit a *Request Form* for any necessary changes to an employee's user access privileges.

As part of our audit, we examined FLAIR access and People First records for 121 employees with FLAIR update privileges who separated from Department employment during the period December 22, 2014, through January 31, 2016. As similarly noted in our report No. 2015-058 (finding No. 19), our examination disclosed that user access privileges assigned to 56 employees remained active from 2 to 42 business days (an average of 11 business days) after the employees' separation dates. Additionally, as of January 31, 2016, user access privileges for 4 employees remained active, although the employees had been separated from Department employment from 27 to 185 business days (an average of 111 business days). In response to our audit inquiry, Department management indicated that delays between the initial request to deactivate access privileges and final approval contributed to the untimely deactivation of FLAIR access privileges.

Notwithstanding the untimely deactivation of access privileges, our audit tests disclosed that none of the employees' user accounts were used to access FLAIR subsequent to the employees' separation dates. However, absent prompt deactivation of access privileges upon an employee's separation from Department employment, the risk is increased that unauthorized FLAIR use may occur.

Recommendation: We recommend that Department management strengthen procedures to ensure that FLAIR access privileges are timely deactivated upon an employee's separation from Department employment.

⁴² Department Topic No. 350-090-150-i, *FLAIR Access Security*.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the applicable findings included in our report No. 2015-058.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2016 through July 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Transportation (Department) focused on the administration of the Aviation Grant Program. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, the applicable deficiencies noted in our report No. 2015-058.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in

considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Reviewed applicable laws, rules, Department procedures, and other guidelines and interviewed Department personnel to gain an understanding of the Aviation Grant Program.
- Performed inquiries of Department and district personnel and inspected documents and records to determine whether Department management had adequately designed and implemented controls, including policies and procedures, for Aviation Grant Program award, funding, payment, and monitoring processes.
- Obtained an understanding of selected information technology (IT) controls for the Single Audit Reporting Application, assessed the risks related to those controls, evaluated whether selected general and application IT controls were in place, and tested the effectiveness of the controls.
- From the population of 224 Aviation Grant Program contracts, totaling \$258,226,123 in State financial assistance (SFA) and executed during the period July 2014 through January 2016, examined Department records for 25 selected contracts, totaling \$185,558,716 in SFA, to determine whether the contracts were properly recorded in FLAIR and were awarded in accordance with applicable laws, rules, the Florida Aviation System Plan (FASP), and other guidelines.
- From the population of 1,620 Aviation Grant Program expenditures, totaling \$299,062,540, made during the period July 2014 through January 2016, examined Department records for 40 selected expenditures, totaling \$98,810,796, to determine whether the expenditures were accurately recorded; and properly authorized, supported, reviewed, and paid only after receipt of contract deliverables in accordance with applicable laws, rules, contract provisions, and other guidelines.
- From the population of 418 Aviation Grant Program contracts that totaled \$494,461,830 in SFA, were active for at least 1 year as of January 31, 2016, and had received Aviation Grant Program funding during the period July 2014 through January 2016, examined Department monitoring records for 25 selected Aviation Grant Program contracts, totaling \$199,206,846 in SFA, to determine whether the Department adequately monitored the provision of Aviation Grant Program contract deliverables and appropriately and timely followed up on deficiencies noted during monitoring in accordance with contract terms and other applicable guidelines.
- From the population of 97 Aviation Grant Program contracts, totaling \$48,511,423 in SFA and that ended during the period July 2014 through January 2016, examined Department records for 10 selected project contracts, totaling \$18,721,060 in SFA, to determine whether the Department closed out the contracts in accordance with Department procedures.

- From the population of 597 contracts that totaled \$537,277,218 in SFA, were executed after July 1, 2010, and were active during the period July 2014 through January 2016, examined Department records for 25 selected contracts, totaling \$32,501,179 in SFA, to determine whether the Department had included the provisions required by Section 215.971(1), Florida Statutes, and sufficiently defined contract deliverables in accordance with Department of Financial Services guidelines.
- From the population of 224 Aviation Grant Program contracts, totaling \$258,226,123 in SFA and executed during the period July 2014 through January 2016, examined Department records for 42 selected contracts, totaling \$196,086,681 in SFA, to determine whether the Department had included the applicable Florida Single Audit Act (FSAA) compliance requirements in the contract documents.
- Examined Department records for 10 of the 60 Aviation Grant Program recipients that had a single audit reporting package due during the period July 2014 through June 2015, to determine whether the Department identified and complied with applicable FSAA requirements for the Aviation Grant Program.
- Compared Department FLAIR records for the 224 Aviation Grant Program contracts executed during the period July 2014 through January 2016 to the Department's 2014-15 and 2015-16 work programs to determine whether the contracts were included in the Department's work programs pursuant to Section 339.135, Florida Statutes.
- Analyzed Department records related to the Department's allocation of Aviation Grant Program funding to the Department's seven districts for the 2019-20 and 2020-21 fiscal years to determine whether Aviation Grant Program funds were allocated in accordance with applicable laws, rules, the FASP, and other guidelines.
- Analyzed Department records related to the Department's awarding of Aviation Grant Program funding to airports for the 2014-15 fiscal year to determine whether any single airport received awards in excess of the maximum percentage allowed pursuant to Section 332.007(4)(c) and (7)(b), Florida Statutes.
- Evaluated Department actions taken to correct the applicable findings noted in our report No. 2015-058. Specifically, we:
 - Interviewed Commission for the Transportation Disadvantaged (Commission) personnel and examined the Commission's contract with the Agency for Health Care Administration to provide Medicaid Non-Emergency Transportation services to verify that the contract expired on February 28, 2015.
 - From the population of 49 community transportation coordinators (CTCs) with Department contracts during the 2014-15 fiscal year, examined Commission records and CTC workbooks for ten CTC annual evaluations approved by a local coordinating board (LCB) during the period January 2015 through November 2015, to determine whether Commission monitoring procedures and processes were documented and adequate to ensure appropriate oversight of the CTCs.
 - From the population of 427 payments, totaling \$22,508,830 and made by the Commission to CTCs related to trip and equipment grants during the period July 2015 through January 2016, and 156 payments, totaling \$1,116,177 and made by the Commission to CTCs related to planning grants during the period July 2015 through January 2016, examined Commission records for 15 selected payments, totaling \$879,090, related to trip and equipment grants, and 10 selected payments, totaling \$68,712, related to planning grants, to determine whether CTC invoices included the information required by Commission procedures.

- Obtained an understanding of selected IT controls for the Annual Operating Report (AOR) system, assessed the risks related to those controls, evaluated whether selected general IT controls were in place, and tested the effectiveness of the controls.
- Examined the Commission's *Annual Performance Report* for the 2014-15 fiscal year and Commission records for 14 of the 67 AORs completed by CTCs and used to compile the Commission's *Annual Performance Report* to determine whether Commission controls were effective to ensure that the AORs were complete, accurate, and timely submitted in accordance with State law.
- Interviewed Department, district, and Turnpike personnel to determine if the Department had established Road Ranger Program contract monitoring policies and procedures that specified the criteria, standards, and methods to be used to monitor contracts, the monitoring records to be maintained, and supervisory review requirements.
- Interviewed Department, district, and Turnpike personnel and reviewed related records to determine if the Department had established policies and procedures requiring that all contract managers involved in the oversight of Road Ranger Program contracts to document of record that they are independent of, and have no conflict of interest related to, the entities whose contracts they are assigned to manage.
- From the population of 12 Road Ranger Program contracts, totaling \$206,244,518, active during the period July 2015 through January 2016, examined Department records for 5 selected contracts, totaling \$131,948,870, to determine whether Department monitoring activities were adequately documented and performed in accordance with established policies and procedures.
- Interviewed Department and district personnel and reviewed related records to determine whether the Department had established policies and procedures specifying the types of documentation required to support Road Ranger Program contract payments. Specifically, from the population of 160 contract payments, totaling \$17,222,387 and related to Road Ranger Program contract payments made during the period July 2015 through January 2016, examined Department records for 20 selected contract payments, totaling \$2,675,117, to determine whether the contract payments were sufficiently supported and appropriately reviewed.
- Interviewed Department personnel and analyzed Department FLAIR expenditure data for the period July 2015 through January 2016 to determine whether Road Ranger Program expenditures were appropriately coded to facilitate the tracking of Road Ranger Program expenditures.
- Interviewed Department and district personnel and examined Department records to determine whether the Department had timely performed user access privilege reviews for the Road Ranger Driver Information System and SunGuide during the period January 2015 through January 2016 and taken appropriate actions in accordance with Department policies and procedures. Additionally, we obtained from each district a listing of active SunGuide users as of May 6, 2016, and compared the listings to employee separation dates recorded in People First as of February 19, 2016, to determine whether SunGuide user access privileges had been timely deactivated upon a user's separation from Department or contractor employment.
- From the population of 813 professional services consultants certified as qualified during the period July 2014 through January 2016, examined Department records for 40 selected professional services consultants to determine whether the Department maintained adequate documentation to support its review of the consultants' minimum qualification requirements, and the Department ensured that personnel involved in the qualification of consultants were independent of, and had no conflict of interest related to, the consultants.

- Examined Department records for professional services consultant qualification quality assurance reviews (QARs) performed during the period July 2014 through June 2015 to determine whether the Department's QAR process was sufficient to ensure that consultants certified as qualified by the Department met all applicable requirements.
- Interviewed Department personnel and examined Department records to determine whether the Department had timely performed user access privilege reviews for the Professional Prequalification system during the period July 2014 through January 2016.
- From the population of 1,583 tangible personal property items, with acquisition costs totaling \$14,508,077 and acquired during the period January 2015 through January 2016, examined Department records for 19 selected tangible personal property items, with acquisition costs totaling \$190,984, to determine whether Department property records were timely and appropriately updated for acquisitions of tangible personal property.
- Compared Department employee separation dates recorded in People First to the dates FLAIR user access privileges were deactivated to evaluate the timeliness of the deactivations of the FLAIR user accounts related to 121 Department employees who separated from Department employment during the period December 22, 2014, through January 31, 2016.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Observed, documented, and evaluated the effectiveness of selected processes and procedures for:
 - Revenues and cash receipts, purchasing, fixed capital outlay, cash management, settlement agreements, and financial reconciliations.
 - The assignment and use of motor vehicles. As of January 29, 2016, the Department was responsible for approximately 2,509 motor vehicles with recorded acquisition costs totaling approximately \$44 million.
 - The administration of the requirements of the FSAA. During the period July 2014 through January 2016, the Department expended \$1,130,416,550 for 26 SFA programs.
 - The administration of Department contracts. As of February 2, 2016, the Department was responsible for 8,939 active contracts totaling \$38,235,067,566.
 - The administration of purchasing cards in accordance with applicable guidelines. As of January 6, 2016, the Department had 1,704 active purchasing cards.
 - The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2014 through December 2015, Department travel expenditures totaled \$6,087,189.
- Interviewed Department management and evaluated Department compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Florida Department of Transportation

RICK SCOTT
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

RACHEL D. CONE
INTERIM SECRETARY

February 27, 2017

Sherrill F. Norman
Auditor General
Claude Denson Pepper Building
Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

I am pleased to respond to the preliminary and tentative audit findings and recommendations concerning your audit of:

Department of Transportation - Operational Audit - State Fiscal Year 2015-2016

As required by Section 11.45(4) (d), Florida Statutes, the department's responses and Corrective Action Plans for this operational audit are enclosed.

Please note that responses to findings Nos. 8-11 relate to the Commission for Transportation Disadvantaged. As provided in Section 427.012(9), F.S., the Commission for the Transportation Disadvantaged is assigned to the department for administrative and fiscal accountability purposes, but "...shall otherwise function independently of the control, supervision and direction of the department." The Commission's response is attached.

I appreciate the efforts of you and your staff in assisting to improve our operations. If you have any questions, please contact our Inspector General, Bob Clift, at 850-410-5800.

Sincerely,

A handwritten signature in blue ink that reads "Rachel D. Cone". The signature is written in a cursive, flowing style.

Rachel D. Cone
Interim Secretary

RC: cm

Enclosures

www.fdot.gov



MEMORANDUM

Rick Scott
Governor

Marion Hart, Jr.
Chairperson

Mike Willingham
Vice Chairperson

Steve Holmes
Executive Director

DATE: February 22, 2017

TO: Interim Secretary Rachel Cone
Department of Transportation

FROM: Steve Holmes, Executive Director 

COPIES: Robert Clift
Inspector General, DOT

Kristofer Sullivan
Director of Audits, DOT

SUBJECT: Commission for the Transportation Disadvantaged
Auditor General Response to Findings

The Commission for the Transportation Disadvantaged appreciates the opportunity to participate in the Auditor General's operational audit of the Florida Department of Transportation.

The Commission has reviewed the findings and recommendations and are submitting the enclosed responses to Findings 8 – 11.

Feel free to contact my office at 850 410-5700 if you have any questions or concerns.

SH
Enclosures

605 Suwannee Street, MS-49 ☎ Tallahassee, FL 32399-0450
Phone: (850) 410-5700 ☎ Toll Free: (800) 983-2435 ☎ Fax: (850) 410-5752
www.dot.state.fl.us/ctd

Summary of Findings- AG 2016 Operational Audit- FDOT

Aviation Grant Program

Finding 1: The Department had not established detailed and comprehensive policies and procedures for administering the Aviation Grant Program. The absence of such policies and procedures contributed to the deficiencies noted in Findings 2 through 7.

Recommendation: We recommend that Department management establish detailed and comprehensive Aviation Grant Program policies and procedures. Among other things, the policies and procedures should address the appropriate conduct and documentation of Aviation Grant Program project oversight activities.

Agency Response and Corrective Action Plan:

Agree- The Department will utilize the Aviation Task Team, who meets monthly by teleconference, to establish detailed and comprehensive Aviation Grant Program Policies and Procedures addressing program oversight activities.

Estimated Corrective Action Date: November 1, 2017

Agency Contact and Telephone Number: Aaron Smith 850-414-4514

Finding 2: District records did not evidence the basis for awarding 224 Aviation Grant Program contracts, totaling approximately \$258.2 million in State financial assistance (SFA), during the period July 2014 through January 2016.

Recommendation: We recommend that Department management establish detailed policies and procedures prescribing the methodology to be utilized by the districts for Aviation Grant Program contract awards and the documentation to be maintained to support the basis for the contract awards. In addition, we recommend that Department management ensure that the districts maintain appropriate documentation to support all Aviation Grant Program contract awards in accordance with established policies and procedures.

Agency Response and Corrective Action Plan:

Agree- The Department will utilize the Aviation Task Team, who meets monthly by teleconference, to establish detailed and comprehensive Aviation Grant Program Policies and Procedures to prescribe contract award methodology and documentation processes. In addition, the Department will develop processes to ensure proper documentation is maintained.

Estimated Corrective Action Date: November 1, 2017

Agency Contact and Telephone Number: Aaron Smith 850-414-4514

Finding 3: Aviation Grant Program contracts did not always evidence that recipients of SFA had been provided with the information necessary to comply with the requirements of the Florida Single Audit Act.

Recommendation: We recommend that Department management ensure that the required information from the State Projects Compliance Supplement is incorporated into each Aviation Grant Program contract in accordance with the FSAA.

Summary of Findings- AG 2016 Operational Audit- FDOT

Agency Response and Corrective Action Plan:

Agree- The Department updated the exhibit with the required information from the State Projects Compliance Supplement in accordance with the FSAA.

Estimated Corrective Action Date: July 1, 2017

Agency Contact and Telephone Number: Annette Lapkowski 850-414-4541

Finding 4: Aviation Grant Program contracts did not always include the provisions required by State law or sufficiently define deliverables in accordance with Department of Financial Services guidelines.

Recommendation: We recommend that Department management ensure that Aviation Grant Program contracts include the provisions required by State law and sufficiently define deliverables in accordance with DFS guidelines.

Agency Response and Corrective Action Plan:

Agree- The Department will utilize the Aviation Task Team, who meets monthly by teleconference, to develop processes to ensure Aviation Grant Program contracts include required provisions and sufficiently document project deliverables.

Estimated Corrective Action Date: November 1, 2017

Agency Contact and Telephone Number: Aaron Smith 850-414-4514

Finding 5: Aviation Grant Program contract payments were not always supported by sufficient documentation.

Recommendation: We recommend that Department management enhance policies and procedures to provide detailed guidance to the districts. Such guidance should specify the supporting documentation required to be obtained and reviewed prior to approving Aviation Grant Program reimbursement invoices from sponsors. We also recommend that Department management ensure that supporting documentation is maintained to evidence the districts' review and approval of sponsor reimbursement invoices.

Agency Response and Corrective Action Plan:

Agree- The Department will utilize the Aviation Task Team, who meets monthly by teleconference, to enhance Aviation Grant Program Policies and Procedures with detailed guidance regarding supporting documentation for invoices prior to approving reimbursement. In addition, the Department will develop processes to ensure proper documentation is maintained. The Quality Assurance Section of the Disbursement Operations Office (DOO) will enhance current policies to clarify the auditing process for the Financial Services Offices (FSO). This will be communicated to all FSOs and will ensure consistency in auditing practices statewide.

Estimated Corrective Action Date: November 1, 2017

Agency Contact and Telephone Number: Aaron Smith 850-414-4514

Finding 6: District staff did not always conduct or adequately conduct and document required site visits for Aviation Grant Program projects.

Recommendation: We recommend that Department management establish detailed guidance including the criteria, standards, methods, and documentation to be used and reviewed by district staff during site visits to assess the status of Aviation Grant Program projects.

Summary of Findings- AG 2016 Operational Audit- FDOT

Agency Response and Corrective Action Plan:

Agree- The Department will utilize the Aviation Task Team, who meets monthly by teleconference, to establish detailed guidance to be used during project site visits.

Estimated Corrective Action Date: November 1, 2017

Agency Contact and Telephone Number: Aaron Smith 850-414-4514

Finding 7: Although required for recipients to receive Aviation Grant Program funding, Department records did not always evidence that the Aviation and Spaceports Office had approved recipient airport master plans.

Recommendation: We recommend that Department management strengthen procedures to ensure that Office approval for all sponsor airport master plans is adequately documented and maintained in Department records.

Agency Response and Corrective Action Plan:

Agree- The Department will utilize the Aviation Task Team, who meets monthly by teleconference, to strengthen procedures related to airport master plan approval documentation and document maintenance.

Estimated Corrective Action Date: November 1, 2017

Agency Contact and Telephone Number: Aaron Smith 850-414-4514

Commission for the Transportation Disadvantaged

Finding 8: As similarly noted in prior audit reports, most recently in our report No. 2015-058, the Commission for the Transportation Disadvantaged (Commission) had not established effective procedures and processes to ensure that appropriate monitoring of Community Transportation Coordinators (CTCs) was performed and documented.

Recommendation: We again recommend that Commission management enhance monitoring procedures and processes to ensure adequate monitoring of the entities receiving State funds for transportation disadvantaged services is performed and documented.

Agency Response and Corrective Action Plan:

Agree- The Commission works to continuously improve its monitoring program. As such, the Commission agrees that it needs to continue to enhance monitoring of the entities receiving State funds.

As noted in the finding, the Commission did rely on LCB evaluations as the primary mechanism to satisfy the Commission's monitoring responsibilities of CTCs. Local Coordinating Boards are the Commission's local representatives that oversee the operations of CTCs. This over-reliance on the LCBs during this period primarily was due to the legislature mistakenly eliminating funds for the Commission's Quality Assurance program in FY 2015-16. In addition, the Commission's expense category was effectively reduced from \$372,880 in Fiscal Year 2014-15 to \$44,980 in Fiscal Year 2015-16. These inadvertent actions dramatically reduced the Commission's ability to adequately monitor entities receiving State funds. The Commission however was able to piece together funds at the end of the fiscal year to conduct limited quality assurance reviews of a few CTCs.

The legislature reinstated funding for Quality Assurance in FY 2016-17. With this funding, the Commission's Quality Assurance contractor has completed quality assurance reviews in one-half of

Summary of Findings- AG 2016 Operational Audit- FDOT

the CTCs. The remaining CTCs will receive quality assurance reviews in FY 2017-18. Once again, Commission staff are able to travel this fiscal year to enhance monitoring. Finally, the Commission will finish its draft procedures by June 30, 2017 so staff know to initial, or otherwise document, their reviews of LCB evaluations, as well as ensure LCBs include action items in their quarterly meeting minutes before submitting them to the Commission.

Estimated Corrective Action Date: June 30, 2017

Agency Contact and Telephone Number: Karen Somerset 850-410-5700

Finding 9: Commission invoice processing controls continue to need enhancement to ensure that payments to CTCs for transportation disadvantaged services were supported by detailed records evidencing the allowability of the charges.

Recommendation: We again recommend that Commission management enhance invoicing procedures to ensure that adequate supporting documentation is received and reviewed prior to the payment of invoiced amounts.

Agency Response and Corrective Action Plan:

Agree- The Commission agrees that it needs to continue to enhance its invoicing procedures. Therefore, after consulting with the Department of Financial Services, the Commission developed new procedures during 2016. The new procedure "*Invoicing Procedures for the Provision of Transportation and Capital Equipment*" was completed on December 12, 2016. The new procedures will take effect on July 1, 2017 to coincide with the 2017-18 grant cycle.

Estimated Corrective Action Date: Completed

Agency Contact and Telephone Number: Karen Somerset 850-410-5700

Finding 10: As similarly noted in prior audit reports, most recently in our report No. 2015-058, Commission procedures were not always adequate to ensure that the information included in the Commission's annual performance report submitted to the Governor and the Legislature was accurate, complete, and supported by appropriate records.

Recommendation: We again recommend that Commission management enhance procedures for compiling the APR to ensure that information reported in the APR to the Governor and the Legislature is accurate, complete, and supported by appropriate documentation.

Agency Response and Corrective Action Plan:

Agree- The Commission agrees that the Annual Performance Report submitted to the Governor and the Legislature needs to be accurate, complete and supported by appropriate documentation.

The AOR System is an outdated information system. It has significant deficiencies that causes errors to appear randomly in the report, especially between the detailed and state summary pages. The Commission has worked with MGT of America to remedy many problems. However, due to the aging technology the system requires a technology refresh. The Commission has worked with the FDOT to develop a business case identifying the issues with the aging technology. The Commission has submitted a Legislative Budget Request for Fiscal Year 2017-2018 to build a new AOR system.

Once the new AOR system is built, the Commission will review, revise or write new procedures that documents the Commission's internal review process using the new system.

The Commission is always looking at ways to improve its procedures when errors or inefficiencies are identified. The report states, ". . . although Commission procedures had been established for the completion of CTC AORs, the procedures did not require Commission personnel to review and approve each CTC AOR."

Summary of Findings- AG 2016 Operational Audit- FDOT

The procedures referenced in this statement are instructions for a CTC to complete an AOR and would not include instructions for Commission staff review and approval.

Commission staff are required to review and approve each CTC AOR. The AOR system requires a project manager to review and approve a CTC AOR before the data can be included in the annual report. Once the CTC submits the completed AOR to the Commission, the project manager must open the CTC AOR file, review each comment and either accept or reject it. The system does not allow a project manager to move forward without taking one of the two actions. The project manager uses his or her expertise in transportation systems and detailed organizational knowledge of the CTC to make a judgment on whether to accept or reject a comment from a CTC. When a project manager rejects a comment, the worksheet is returned to the CTC to correct the data and / or provide additional comments. The project manager may have many extensive discussions with the CTC with a goal of gaining a better understanding of the CTC's specific situation. Once the project manager accepts all the comments, he or she then must approve each worksheet before the AOR is complete and combined into a statewide report.

Estimated Corrective Action Date: June 30, 2018

Agency Contact and Telephone Number: Kim Hansen 850-410-5714

Finding 11: The Commission had not performed periodic reviews of user access privileges to the Annual Operating Report (AOR) system. In addition, certain information technology (IT) security controls related to the AOR system need improvement to better protect the confidentiality, integrity, and availability of Commission data and related IT resources. Similar findings were noted in prior audit reports, most recently in our report No. 2015-058.

Recommendation: We again recommend that Commission management ensure periodic reviews of AOR system user access privileges are performed to verify the continued appropriateness of assigned user access privileges. We also recommend that Commission management strengthen certain security controls related to AOR system user authentication to ensure the continued confidentiality, integrity, and availability of Commission data and related IT resources.

Agency Response and Corrective Action Plan:

Agree- The Commission agrees to strengthen security controls related to the AOR system.

Following the release of Auditor General Report 2013-066, the Commission conducted a review of the AOR system user access privileges. As a result of the review, the Commission consulted with the leadership of the Florida Department of Transportation (FDOT) Office of Information Technology (OIT) to conduct a risk assessment of the security controls for the AOR system identified by the Auditor General. The OIT and Commission determined the security risk was very low and OIT recommended the necessary actions required to address the Auditor General's concerns were not cost-effective. Therefore, to conserve limited resources for higher priority tasks, the Commission took no action on improving identified security controls related to the AOR system.

As a result of Report No. 2015-058, the Commission determined to request funding to address the Auditor General's concerns. The Commission requested funding in the Fiscal Year 2016-17 Legislative Budget Request and Legislature appropriated the funds in the Commission's budget.

MGT of America began upgrading the security controls on January 13, 2017.

Estimated Corrective Action Date: June 30, 2017

Agency Contact and Telephone Number: Karen Somerset 850-410-5700

Road Ranger Service Patrol Program

Finding 12: As similarly noted in our report No. 2015-058, the Department had not established policies and procedures to ensure that monitoring efforts for Road Ranger Service Patrol contracts were sufficient and that adequate documentation of the monitoring activities was maintained.

Summary of Findings- AG 2016 Operational Audit- FDOT

Recommendation: We again recommend that Department management establish, for district and Turnpike staff use, Road Ranger Program contract monitoring policies and procedures that specify the criteria, standards, and methods to be used to monitor contracts, the monitoring records to be maintained, and supervisory review requirements. We also recommend that District and Turnpike management ensure that monitoring activities are adequately documented and performed in accordance with Department policies and procedures.

Agency Response and Corrective Action Plan:

Agree- Central Office Traffic Engineering and Operations Office will continue to review and revise policies and procedures written for contractual services, as needed. Coordination efforts with the Central Office Procurement Office will continue to facilitate the review current and future scopes of service for Road Ranger Service Patrol contracts to ensure language is included that identifies performance standards and establishes quality assurance/quality control (QA/QC) measures. In addition to the review of the scopes of service, Central Office Traffic Engineering and Operations will coordinate with the FDOT Comptroller's Office to have the established checklist formally adopted as the approved method for processing invoices for services submitted under all Road Ranger Service Patrol contracts. The checklist will identify required documentation to be collected and actions to be taken by the contract manager upon receipt and payment of invoices. The checklist will also serve as a primary reference during the QA/QC process. ALL established document retention policies will be adhered to throughout the contract period.

Estimated Corrective Action Date: December 31, 2017

Agency Contact and Telephone Number: Shawn Kinney 850-410-5631

Finding 13: Road Ranger Service Patrol Program payments were not always supported by sufficient documentation. A similar finding was noted in our report No. 2015-058.

Recommendation: We recommend that Department management ensure that district and Turnpike staff, prior to approving Road Ranger contractor invoices for payment, utilize Department established checklists and appropriate supporting documentation to evidence that services were rendered in accordance with contract requirements.

Agency Response and Corrective Action Plan:

Agree- Central Office Traffic Engineering and Operations Office will be reviewing and revising policies and procedures that apply to Road Ranger Service Patrol contracts. In addition to the review of the policies and procedures, Central Office Traffic Engineering and Operations will coordinate with the FDOT Comptroller's Office to have the established checklist formally adopted as the approved method for processing invoices and collecting supporting documentation for services provided under the Road Ranger Service Patrol contracts. ALL established document retention policies will be adhered to throughout the contract period

Estimated Corrective Action Date: December 31, 2017

Agency Contact and Telephone Number: Shawn Kinney 850-410-5631

Finding 14: Department user access privilege controls for the SunGuide system used to manage the Road Ranger Service Patrol Program continue to need enhancement.

Recommendation: We again recommend that Department management ensure that periodic reviews of SunGuide user access privileges are performed to verify the continued appropriateness of assigned user access privileges. We also recommend that Department management develop a methodology to retain historical user access privilege records for SunGuide.

Summary of Findings- AG 2016 Operational Audit- FDOT

Agency Response and Corrective Action Plan:

Agree- Central Office Traffic Engineering and Operations Office will conduct a review of SunGuide operations manuals and provide language to address user access permissions. Operations manuals will establish a process to address the access management of operators that are newly hired, transfer to another location or terminate their employment. Established document retention policies will be adhered to throughout the contract period.

Estimated Corrective Action Date: December 31, 2017

Agency Contact and Telephone Number: Shawn Kinney 850-410-5631

Selected Administrative Activities

Finding 15: As similarly noted in our report No. 2015-058, the Department did not always timely or accurately record tangible personal property acquisitions in Department property records.

Recommendation: We recommend that Department management enhance tangible personal property controls to ensure that Department property records are timely updated and accurately maintained in accordance with DFS rules.

Agency Response and Corrective Action Plan:

Agree- The Department concurs with the finding. The Department's Tangible Personal Property procedure outlines the requirements for timely reporting and accurate costing of Department property. A statewide training event for property delegates is planned for the spring of 2017 which will include a review of the above findings and training on accurate cost reporting of property. Furthermore, we have identified back up property delegates in each District and will modify our procedure to include their responsibilities in the event the main property delegate is out of the office for an extended period of time.

Regarding the one tangible personal property item that was recorded 127 days after the related expenditure, this item was a redistributable expense related to various Department funds. The redistribution process is contingent upon approval of overhead rates by the Federal Highway Administration (FHWA) which were not approved until December 2015, resulting in the long delay between expenditure and eventual complete recording in the property records. We will modify our procedure to account for the longer time period needed for certain redistributable items and will measure the timeliness based upon the first day that amounts could be appropriately recorded based upon the FHWA rate approval.

Estimated Corrective Action Date: April 28, 2017

Agency Contact and Telephone Number: Jason Adank 850-414-4864

Finding 16: The Department did not always timely deactivate user access privileges to the Florida Accounting Information Resource Subsystem upon an employee's separation from Department employment. A similar finding was noted in our report No. 2015-058.

Recommendation: We recommend that Department management strengthen procedures to ensure that FLAIR access privileges are timely deactivated upon an employee's separation from Department employment.

Agency Response and Corrective Action Plan:

Agree- The Office of Comptroller reviews the Payroll and Personnel Services (PPS) Termination Report on a weekly basis to identify and terminate FLAIR access for former employees, even if an Automated Access Request Form (AARF) termination request has not been submitted. Should a termination request not be submitted for separated employees, an email will be sent to the direct supervisor's manager to advise them of this requirement. This approach to the FLAIR access began in January 2016.

Summary of Findings- AG 2016 Operational Audit- FDOT

Estimated Corrective Action Date: January 31, 2016 (Completed)

Agency Contact and Telephone Number: Lisa Evans 850-414-4172