

FDOT Six-Month Update- Auditor General Report 2017-180 Compliance and Internal Controls Over Financial Reporting and Federal Awards

Unrecorded Payables

Finding 2016-001: The FDOT did not record a liability and expenditure for certain goods and services received during the fiscal year that had not been paid for by fiscal year end.

Recommendation: The Auditor General (AG) recommends that FDOT management enhance processes and procedures to ensure that amounts for goods and services received prior to year end but paid subsequent to year end are appropriately accrued.

Agency Response and Corrective Action Plan:

Agree- The Department's procedures regarding unrecorded payables clearly documents the responsibility of staff to ensure the appropriate recording of liabilities and expenditures as of June 30. The Department will completely adhere to its established procedures to ensure the appropriate accrual of liabilities and expenditures at fiscal year end.

Six Month Follow-Up Response: Complete

Estimated Completion Date: N/A

Federal Aid Matching

Finding 2016-014: The FDOT did not always meet the Federal matching requirement for Highway Planning and Construction Cluster funded projects and incorrectly reported matching amounts to the Federal Highway Administration (FHWA).

Recommendation: The AG recommends that the FDOT take appropriate steps to ensure that matching requirements are met for all projects and accurate data is submitted to the FHWA.

Agency Response and Corrective Action Plan:

Agree- The Department agrees with this finding as well as the recommendation.

We are currently in the process of correcting the 13 sample projects where the Federal matching requirement was not met by applying additional toll credits (as soft match) to satisfy the identified shortfalls. We are also correcting the projects where the state and local funds were incorrectly reported to FHWA.

We are currently reviewing all projects closed during the last four years to determine the total number of projects where the Federal matching requirement might not have been met. We will work with the FHWA Florida Division Office to make additional corrections if any are found (in addition to the already identified) that did not meet the matching requirements.

Six Month Follow-Up Response: Additional errors were identified in May 2017 which needed programming fixes, and fixes to diagnostic reports to ensure logic in diagnostic reports were consistent with logic in FAMS. Fixes were implemented in June 2017. Final reports were run on June 30th for all years needing corrections. Subsequent diagnostic reports were still not 'clean', so further action is necessary to correct this condition. A meeting with FHWA will be scheduled to discuss and review.

Estimated Completion Date: 10/31/17

Conflict of Interest

Finding 2016-015: Prior to awarding contracts involving Highway Planning and Construction Cluster funds, the FDOT did not always obtain conflict of interest forms from employees taking part in contract procurement activities.

Recommendation: We recommend that the FDOT take steps to ensure that COI forms are signed by all members of the TRC and the CAC prior to awarding contracts.

Agency Response and Corrective Action Plan:

Agree- The Department acknowledges that for 7 of the 18 construction contracts reviewed as part of this audit, it was discovered that 5 various members of the Technical Review and/or Contract Awards Committee did not sign the Conflict of Interest form as required by the FDOT procedures referenced herein. Through the prosecution of this audit, all missing signatures were obtained on the appropriate Conflict of Interest forms and provided to the audit team.

Six Month Follow-Up Response: Complete

Estimated Completion Date: N/A

Job Guide Schedules

Finding 2016-016: The FDOT did not always obtain a Job Guide Schedule (JGS) as required by the Quality Assurance Program for Construction (QAPC) approved by the Federal Highway Administration (FHWA). As a result, the FDOT could not provide documentation demonstrating that required sampling and testing had been performed.

Recommendation: We recommend that the FDOT ensure that a JGS is prepared for every required construction contract.

Agency Response and Corrective Action Plan:

Agree- In response to the audit findings, the Florida Department of Transportation (FDOT), specifically the State Materials Office (SMO) initiated an immediate corrective action plan as mentioned above in the narrative. The corrective action commenced on or about February 2, 2016. The results of the follow-up audit indicate two of the eleven projects closed prior to 2/2/16 (before the corrective action) did not have a Job Guide Schedule (JGS). The two projects listed in the report were not part of the correction plan as they were Final Accepted and Certified prior to the generation of the list of "active" contracts on February 2, 2016. All of the fourteen projects that closed after 2/2/16 were accompanied with a JGS. We see this as evidence that the corrective action was effective.

As a response to the root cause of the occurrence, the SMO has implemented a new Sampling and Testing database – the Material Acceptance and Certification system (MAC). One of the features of MAC is that the operations are driven by the JGS. For conventional pay items contracts, the JGS is devised from the pay items transferred from the Site Manager (SM) system. For Lump Sum contracts, the JGS must be created by the contractor in the MAC system.

MAC requires a JGS so that samples entered into the system can be assigned the appropriate tests. Therefore, if a contract does not have a JGS, samples for test cannot be entered into the system. By specifications, the responsibility for the creation of the JGS falls to the contractor. Therefore, by reference, it is the contractor's responsibility to enter the JGS into MAC. A check of this is the comparison sampling and testing performed by the Verification Technician (VT), a representative of the FDOT. If the VT

cannot enter the sample taken as verification to the contractor's work, then the contractor will be instructed to complete the required MAC activity or be in violation of contract requirements.

Six Month Follow-Up Response: Complete

Estimated Completion Date: N/A

Federal Financial Reports

Finding 2016-017: The FDOT did not always report program income amounts in quarterly Federal Financial Reports (FFRs).

Recommendation: We recommend that the FDOT take appropriate steps to ensure that program income is appropriately reported on quarterly FFRs.

Agency Response and Corrective Action Plan:

Agree- It should be noted that as soon as the Department became aware of the issue regarding the program income, it was rectified. Program income was reported for the quarters ending: December 31, 2015, March 31, 2016, June 30, 2016, September 30, 2016 and December 31, 2016. Program income is now included on all FFRs as appropriate.

Six Month Follow-Up Response: Complete

Estimated Completion Date: N/A