



*Florida Department of Transportation*

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GOVERNOR

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ANANTH PRASAD, P.E.  
SECRETARY

December 29, 2014

Ananth Prasad, P.E.  
Secretary  
Department of Transportation  
605 Suwannee Street  
Tallahassee, Florida 32399-0450

RE: **Auditor General Report No. 2015-002**  
**Contract and Grant Management Processes**  
**Selected State Agencies**

Dear Secretary Prasad:

As required by Section 20.055(5) (h), Florida Statutes, attached is the six month status of corrective actions taken as reported to us by the responsible action officials for the subject audit. This update details the implementation or current status of the audit recommendation for our agency. This six-month update will also be filed with the Joint Legislative Auditing Committee, as required by statute.

If you have any questions, please call me at 410-5823.

Sincerely,

A handwritten signature in blue ink that reads "Robert E. Clift". The signature is written in a cursive, flowing style.

Robert E. Clift,  
Inspector General

RC: cm

Attachments

cc: Joint Legislative Auditing Committee- Kathy Dubose, Staff Director  
Chief Inspector General's Office- Melinda Miguel, Chief Inspector General  
Department of Transportation- Jim Boxold, Chief of Staff

**FLORIDA DEPARTMENT OF TRANSPORTATION**  
**6-month Follow-up to the**  
**Office of the Auditor General**  
**Operational Audit of Contract and Grant Management Processes at Selected**  
**State Agencies**  
**Report No. 2015-002**

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**Finding No. 1: State agencies did not always document that employees involved in the contractor evaluation and selection process attested in writing, or timely attested, that they were independent of, and had no conflict of interest in, the entities evaluated and selected.**

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For 5 DOT contracts, totaling \$1,740,013, the DOT was unable to provide conflict of interest attestations for the individuals taking part in the contract procurement process. Conflict of interest attestations timely completed by State agency personnel involved in the contractor evaluation and selection process reduce the appearance and opportunity for favoritism and provide greater assurance that contracts are impartially awarded.

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**Recommendation: We recommend that State agency management take steps to ensure that conflict of interest attestations required by State law are timely completed by all individuals taking part in the contractor evaluation and selection process and that the attestation documents are appropriately maintained.**

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**Audit Response:**

FDOT accepts the recommendation.

Section 287.057(19), Florida Statutes states that "In any procurement that costs more than the threshold amount provided for in s. 287.017 for CATEGORY TWO and is accomplished without competition, the individuals taking part in the development or selection of criteria for evaluation, the evaluation process, and the award process shall attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected."

Central Office Legal and Procurement have clarified the requirement for conflict of interest certifications for FDOT staff involved in the award of Right-of-Way Office expert witness contracts, and legal services contracts. Subsequent to the AG audit inquiry, Conflict of Interest Certification Forms have been executed after-the-fact for each of the subject contracts. In conclusion, the audit identified a deficiency that has resulted in a necessary process improvement.

**6-month Follow-up Response:**

Conflict of Interest Certification Forms have been executed after-the-fact for each of the subject contracts. District Right-of-Way Office and Legal Office processes have been updated to incorporate the requirement for Conflict of Interest Certifications for future procurements.

Complete.

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**Finding No. 5: State Agencies did not always document that contract managers received, or timely received, required training for accountability in contracts management.**

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For one DOT contract for \$295,428, the DOT could not provide documentation evidencing the designation of a contract manager. Consequently, the DOT could not demonstrate whether the appropriate contract manager had attended the required DFS training.

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**Recommendation: We recommend that State agency management ensure that all contract managers attend the required DFS training for accountability in contracts management in accordance with State law and DFS guidelines. We also recommend that DFS management continue to maximize the availability of contracts management training to facilitate State agency compliance with the statutory training requirements.**

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**Audit Response:**

FDOT accepts the recommendation.

The finding stated that DOT could not provide documentation evidencing the designation of a contract manager:

*For one DOT contract for \$295,428, the DOT could not provide documentation evidencing the designation of a contract manager. Consequently, the DOT could not demonstrate whether the appropriate contract manager had attended the required DFS training.*

FDOT produced a copy of a recent payment dated 4/22/14, (Receiving Report and Invoice Transmittal Form #350-060-02) that provides the printed name and signature of Jerry Bryant as the contract manager for Contract No. BDR08. The signed Receiving Report is documentation evidencing the designation of a contract manager for Contract No. BDR08.

The audit query has however prompted an opportunity for process improvement. The FDOT FACTS System (the Department's business application for uploading contract data into DFS FACTS) has been internally designated as the official database for documenting contract managers for FDOT contracts. The FDOT Florida Accountability Contract Tracking System (FACTS) Checklist Form # 375-040-75 has been modified to incorporate the following instructions for completing the Contract Manager data field in FDOT FACTS: "(Contract Manager) represents FDOT employee responsible for enforcing performance of the agreement terms and conditions, and responsible for receipt and approval of goods and/or services. This field is mandatory, and must be updated when a new contract manager is assigned." The Contract Manager name will be systematically populated from the

FDOT FACTS application into the Receiving Report and Invoice Transmittal Form, as the individual who is designated the official Contract Manager.

**6-month Follow-up Response:**

FDOT Florida Accountability Contract Tracking System (FACTS) Checklist No. 375-040-75 form was revised and posted for use by Department staff on 6/13/14.

In lieu of systematically populating the Contract Manager on the Receiving Report and Invoice Transmittal Form, the Department implemented the following enhancements to the FDOT FACTS System:

- FDOT FACTS was modified to add an internal check and a warning to users when an inactive contract manager ID is listed on an active contract in FACTS. The system requires FACTS user to update the field in order to continue with data entry. This enhancement was functional July 2014.
- A new FACTS canned report was developed by Office of Comptroller that lists inactive contract manager IDs in FDOT FACTS. This effort was completed 7/1/2014. The report is periodically reviewed by all District procurement offices to update inactive contract manager IDs on active contracts resulting from personnel changes.

Additionally, FDOT will coordinate with Department of Management Services (DMS) to ensure that all FDOT contract managers attend the required DMS Florida Certified Contract Manager training (replacing the DFS Advancing Accountability training), based on class availability and in accordance with State law.

Complete.

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**Finding No. 6: State Agencies did not always appropriately document that contract managers were independent of, and had no conflict of interest in, the entities whose contracts they were assigned to manage.**

As part of our audit, we reviewed State agency records for 63 of the 73 contracts summarized in Table 1 to determine whether the State agencies adequately documented that the contract managers were independent of, and had no conflict of interest in, the entities whose contracts they were assigned to manage. As illustrated in Table 3, our audit procedures disclosed that for 30 contracts, totaling \$88,625,576, the State agencies did not document, or did not timely document, that the contract managers were independent of, and had no conflict of interest in, the entities whose contracts they were assigned to manage.

**Table 3**  
**Summary of Contract Manager Conflict of Interest Testing**

Agency	Contracts Tested		Summary of Test Results					
			Conflict of Interest Attestation Not Documented			Conflict of Interest Attestation Not Timely Obtained <sup>a</sup>		
	Number	Total Amount	Number of Contracts	Number of Contract Managers	Total Amount	Number of Contracts	Number of Contract Managers	Total Amount
DCF	5	\$ 3,670,000	3	1	\$ 870,000	-	-	-
DFS	7	78,806,980	7	4	78,806,980	-	-	-
DJJ	16	17,983,401	5	4	4,398,783	-	-	-
DMS	6	2,183,150	5	2	1,553,150	-	-	-
DOH	18	64,763,712	2	2	519,470	2	1	\$186,734
DOT	11	9,403,309	6	6	2,290,459	-	-	-
<b>Totals</b>	<b>63</b>	<b>\$176,810,552</b>	<b>28</b>	<b>19</b>	<b>\$88,438,842</b>	<b>2</b>	<b>1</b>	<b>\$186,734</b>

<sup>a</sup> The conflict of interest attestations by the one contract manager were provided subsequent to our audit inquiry and were dated 44 and 409 days, respectively, after the period each contract had ended.

Sources: State agency records and auditor analysis.

**Recommendation: We recommend that State agency management ensure that documentation is maintained to demonstrate that contract managers are independent of, and had no conflict of interest in, the entities whose contracts they are assigned to manage.**

**Audit Response:**

FDOT will review the recommended best practice.

State law does not impose a requirement for documentation of contract manager independence to be maintained in the contract file.

FDOT will internally review our policies to determine whether a change in processes is warranted by the recommended best practice.

**6-month Follow-up Response:**

No correction is necessary. No changes in procedures.

FDOT has an Ethics Procedure and Ethics Training in place, addressing the requirement for contract manager independence. We feel this is adequate to mitigate the risk associated with this finding.

Complete.

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**Finding No. 8: State agencies could not always demonstrate that contract payments were properly approved, supported by adequate documentation, or made in accordance with applicable contract terms and Chief Financial Officer Memoranda.**

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For 2 DOT contract payments, totaling \$8,055, the DOT could not provide documentation evidencing the designation of a contract manager. Consequently, the DOT could not demonstrate that the payments were properly approved by the designated contract manager.

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**Recommendation: We recommend that State agency management ensure that contract payments are properly approved, adequately supported, and made in accordance with applicable contract terms and CFO memoranda.**

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**Audit Response:**

FDOT accepts the recommendation.

The finding stated that DOT could not provide documentation evidencing that payments were properly approved by the designated contract manager:

*For 2 DOT contract payments, totaling \$8,055, the DOT could not provide documentation evidencing the designation of a contract manager. Consequently, the DOT could not demonstrate that the payments were properly approved by the designated contract manager.*

This finding is related to Finding No. 5, for Contract No. BDR08.

The audit query has prompted an opportunity for process improvement. The FDOT FACTS System (the Department's business application for uploading contract data into DFS FACTS) has been internally designated as the official database for documenting contract managers for FDOT contracts. The FDOT Florida Accountability Contract Tracking System (FACTS) Checklist Form # 375-040-75 has been modified to incorporate the following instructions for completing the Contract Manager data field in FDOT FACTS: "(Contract Manager) represents FDOT employee responsible for enforcing performance of the agreement terms and conditions, and responsible for receipt and approval of goods and/or services. This field is mandatory, and must be updated when a new contract manager is assigned." The Contract Manager name will be systematically populated from the FDOT FACTS application into the Receiving Report and Invoice Transmittal Form, as the individual who is designated the official Contract Manager.

## **6-month Follow-up Response:**

FDOT Florida Accountability Contract Tracking System (FACTS) Checklist No. 375-040-75 form was revised and posted for use by Department staff on 6/13/14.

In lieu of systematically populating the Contract Manager on the Receiving Report and Invoice Transmittal Form, the Department implemented the following enhancements to the FDOT FACTS System:

- FDOT FACTS was modified to add an internal check and a warning to users when an inactive contract manager ID is listed on an active contract in FACTS. The system requires FACTS user to update the field in order to continue with data entry. This enhancement was functional July 2014.
- A new FACTS canned report was developed by Office of Comptroller that lists inactive contract manager IDs in FDOT FACTS. This effort completed 7/1/2014. The report is periodically reviewed by all District procurement offices to update inactive contract manager IDs on active contracts resulting from personnel changes.

Complete.