



*Florida Department of Transportation*

RICK SCOTT  
GOVERNOR

605 Suwannee Street  
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JIM BOXOLD  
SECRETARY

June 5, 2015

Mr. Jim Boxold  
Secretary  
Department of Transportation  
605 Suwannee Street  
Tallahassee, Florida 32399-0450

**RE: Auditor General Report No. 2015-058  
Operational Audit- Department of Transportation,  
Road Ranger Service Patrol Program and Selected  
Administrative Activities and  
Commission for the Transportation Disadvantaged**

Dear Secretary Boxold:

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.

Please note that responses numbers 1-8 relate to the Commission for Transportation Disadvantaged (CTD); as provided in Section 427.012(9), F.S., CTD 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."

This update details the implementation or current status of the audit recommendation for our agency and as reported to us by CTD. 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".

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- Mike Dew, Chief of Staff

**FLORIDA DEPARTMENT OF TRANSPORTATION**  
**6-month Follow-up to the Office of the Auditor General**  
**Operational Audit- Department of Transportation**  
**Commission for the Transportation Disadvantaged,**  
**Road Ranger Service Patrol Program, and Selected Administrative Activities**  
**Report No. 2015-058**

**Finding No. 1: Commission for the Transportation Disadvantaged-The Commission did not always allocate and disburse trip and equipment grant awards in accordance with governing laws, Commission rules, and other guidelines. Additionally, the Commission did not adequately document that Medicaid funded Non-Emergency Transportation (NET) services funds were allocated in accordance with the Commission's established methodology.**

State law specifies that the Commission, in consultation with AHCA and the Department, develop an allocation methodology that equitably distributes all transportation funds under the control of the Commission to compensate counties, the CTCs, and other entities providing transportation disadvantaged services. The Commission has established rules providing for the allocation of transportation grant funds, including rules which require the Commission to annually allocate trip and equipment grant funds on a county-by-county basis. Each county's base allocation is equal to the 1999-2000 fiscal year trip and equipment grant allocation. Above the base allocation amount, the Commission is to allocate trip and equipment grant funds based on a comparative ranking of all eligible applicants, providing equal weight to each county's percentage of total square miles, passenger trips provided, vehicle miles traveled, and the total population of all eligible applicants.

To facilitate the use of consistent data, Commission rules require each county's total passenger trips and vehicle miles traveled be obtained from the latest Annual Operating Report (AOR). The Commission developed AOR Instructions requiring the CTCs that purchased or provided fixed route trips to submit additional documentation supporting the average trips per multi-ride pass and the number and type of passes issued or sold. If the CTC could not provide support for the average trips per multi-ride pass, they were to calculate the number of trips per pass using estimates set forth by the Commission in the AOR Instructions.

Additionally, pursuant to State law, the Commission created a redistribution formula, considering both the historical allocations and recent data, to separately allocate Medicaid NET services funds to the STPs. The formula was to allocate funds and establish service rates based on both Medicaid encounter data and non-encounter data.

Our audit included tests to evaluate the Commission's procedures and processes for the allocation of trip and equipment grant funds and NET services funds. Among other things, we:

- Recalculated the trip and equipment grant allocations for the 2012-13, 2013-14, and 2014-15 fiscal years, utilizing each county's total passenger trips and vehicle miles reported in the applicable AORs.
- Requested that each of the 67 counties' CTC contacts confirm the accuracy of the total passenger trips and vehicle miles reported in the applicable AORs and, as of August 2014, we had received and reviewed confirmations from the CTC contacts in 59 counties.

- Gained an understanding of and evaluated the Commission's formula used to allocate NET services funds by interviewing Commission management, reviewing the NET services allocations for the 2012-13 and 2013-14 fiscal years, and examining supporting records.

Our recalculation of the trip and equipment grant allocations and review of the Commission's formula and allocations of NET services funds disclosed that the Commission did not adequately ensure that trip and equipment grant funds and NET services funds were distributed in accordance with governing laws, rules, and other guidelines. Specifically, we found that:

- The Commission did not always use each county's total passenger trip and vehicle mile information as reported in the AORs when allocating trip and equipment grant funds, resulting in misallocations totaling \$419,692, \$2,241,240, and \$2,060,434 for the 2012-13, 2013-14, and 2014-15 fiscal years, respectively. These misallocations resulted in the over allocation of funds to most of the counties, and the under allocation of funds to the other counties. For example, Miami-Dade County received \$8,692,311 in trip and equipment grant funds for the 2013-14 fiscal year; however, had the Commission used the AOR total passenger trip records for all counties, Miami-Dade would have received additional funding of \$992,053 for transportation disadvantaged services.
- In response to our audit inquiry, Commission management indicated that the differences noted in the trip and equipment grant allocations were due to the Commission's use of estimates for multi-ride passes that differed from those provided in the AOR Instructions to the CTCs. For example, for allocation purposes, the Commission estimated 12 trips per monthly pass, while the CTCs used 40 trips per monthly pass, as provided in the AOR Instructions, to calculate the AOR total passenger trips. However, the Commission was unable to provide an explanation regarding the inconsistent use of estimates.
- The Commission was unable to provide documentation supporting the encounter and non-encounter data used to allocate NET services funds for the 2012-13 and 2013-14 fiscal years to allow for verification of STPs allocated NET services funds. Additionally, the Commission was unable to provide documentation evidencing that the formulas used for each fiscal year allocated the NET services funds in accordance with the Commission's established methodology. In response to our audit inquiry, Commission management indicated that the Commission had been unable to review the formulas for accuracy as, prior to separation from Commission employment, a former employee had password-protected, and thereby restricted access to, the Excel workbook containing the formulas.

Absent the use of each county's AOR total passenger trips and vehicle miles in the Commission's trip and equipment grant allocation methodology, the Commission cannot ensure trip and equipment grant funds are being distributed in accordance with governing laws, rules, and other guidelines. Additionally, absent adequate processes to allow for the verification that its NET services funds allocation formulas are accurately, completely, and consistently developed and utilized, the Commission cannot demonstrate that it properly distributed NET services funds in accordance with the Commission's established methodology.

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**Recommendation:** We recommend that Commission management ensure trip and equipment grant funds are allocated in accordance with governing law, rules and other guidelines. Additionally we recommend that Commission management strengthen processes to ensure adequate supporting documentation is maintained to demonstrate that NET services funds are allocated in accordance with the Commission's established methodology.

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**Audit Response:** The Commission updated the AOR instructions on June 5, 2014 to reflect the current allocation methodology.

The Commission will no longer be under contract with AHCA after the contract expires on February 28, 2015. Therefore, the Commission will no longer be allocating NET funds.

No further action is required.

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

As reported by CTD, completed.

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**Finding No. 2: Commission for the Transportation Disadvantaged-As similarly noted in our report No. 2013-066, finding No. 1, the Commission did not comply with certain administrative cost and reporting requirements of the NET services agreement.**

In December 2008, the Commission executed an agreement with AHCA to provide eligible Medicaid beneficiaries with NET services. Pursuant to the agreement, AHCA was to provide \$61,051,633 to the Commission for NET services for both the 2012-13 and 2013-14 agreement years.

The agreement, and applicable amendments for the 2012-13 and 2013-14 agreement years, established various provisions related to the control of administrative costs and surplus funds. For example:

- Commission administrative costs were to be limited to 5 percent of the monthly amount received from AHCA during the 2012-13 and 2013-14 agreement years. Only those costs incurred in managing NET services were to be identified as administrative costs of the agreement. The Commission was to use the remainder of the monthly amount to pay for direct transportation services.
- The Commission could retain up to 5 percent of the annual agreement amount in reserve at all times.
- The Commission was to annually reconcile the funds received to the related expenses incurred and submit the reconciliation, in writing, to AHCA by November 30th each year. The reconciliation was to include all agreement related income, administrative and transportation services expenditures, reserve funds, and any unexpended or unencumbered agreement funds for the prior State fiscal year and also include sufficient detail to demonstrate compliance with the 5 percent administrative costs limit. In addition, the Commission was to return surplus funds exceeding the 5 percent reserve allowance within 30 calendar days after AHCA approved the reconciliation.

In our report No. 2013-066, finding No. 1, we noted that the Commission had not established a methodology to separately account for and report administrative expenditures applicable to administering NET services and had not completed the required reconciliations for the 2010-11 and 2011-12 fiscal years. Our follow-up audit procedures disclosed that the Commission still had not established a methodology to separately account for and report administrative expenditures applicable to administering NET services. In addition, although the Commission performed and submitted a reconciliation for the 2012-13 agreement year, the reconciliation was not performed or submitted in accordance with the agreement terms. The reconciliation the Commission provided to AHCA included the agreement amount, the disbursement amount for transportation services, and estimated administrative costs. However, the reconciliation did not include actual administrative costs, reserve funds, or any unexpended or

unencumbered agreement funds. Additionally, our audit found that the reconciliation was submitted to AHCA on April 8, 2014, or 129 days after the November 30th due date.

Absent the identification of applicable administrative costs and timely completion and submittal of reconciliations, as required by the agreement, the Commission cannot demonstrate compliance with the Medicaid NET services agreement administrative costs limits or identify any surplus funds due to AHCA.

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**Recommendation: We again recommend that Commission management ensure compliance with the administrative provisions of the Medicaid NET services agreement with AHCA.**

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**Audit Response:** On August 13, 2013, AHCA provided the Commission the results of their contract monitoring for Fiscal Year 2012-13. The MICA contract monitoring report states that the Commission met the standard for NET Program Contract Cost Management. The evaluation criteria for the standard is "AHCA shall ensure that sufficient information is obtained and maintained to document that administrative fees paid related to NET Program services were reasonable and did not result in a profit between State agencies. (Should not exceed \$3,052,581.65 for the 12 month period)." On December 6, 2010, the Commission requested guidance from AHCA on what information AHCA needed for the annual reconciliation report per the Medicaid NET services agreement. On December 7, 2010, AHCA provided guidance on the information the Commission should include and the format in which it should be displayed. The Commission implemented AHCA's instructions and submitted the annual reconciliation report per AHCA's instructions for Fiscal Years 2010-11, 2011-12, 2012-13.

The Commission will no longer be under contract with AHCA after the contract expires on February 28, 2015.

No action is required.

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

As reported by CTD, completed.

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**Finding No. 3: Commission for the Transportation Disadvantaged-The Commission had not established effective procedures and processes to ensure that appropriate monitoring of Community Transportation Coordinators (CTCs) was performed and documented. Additionally, the Commission was unable to demonstrate that Subcontracted Transportation Providers (STPs) of NET services had been monitored by the Commission or another entity.**

State law and Commission rules require the Commission to develop a quality assurance and management review program to monitor, based upon approved Commission standards, services provided by each CTC. The monitoring is to include, but not be limited to, the CTC's coordination, costs of services, and accessibility. Additionally, Commission rules require the LCBs to annually evaluate CTC performance and submit the evaluations to the Commission, and the Commission to provide criteria for LCB use when evaluating CTC performance.

To help accomplish the Commission's monitoring responsibilities, according to Commission management, the Commission relied on the annual CTC evaluations performed by the LCBs. To facilitate the CTC evaluations, the Commission created a CTC evaluation workbook for LCB use that contained the required evaluation criteria.

As part of our audit, we evaluated the adequacy of Commission monitoring activities, including its procedures and processes for reviewing and approving the LCBs' annual CTC evaluations, by interviewing Commission personnel; reviewing the CTC evaluation workbook, including the guidance and Commission-established criteria provided therein; and examining Commission records for seven CTC annual evaluations conducted by LCBs during the period July 2012 through February 2014. As similarly noted in our report No. 2013-066, finding No. 3, our audit procedures disclosed that the Commission lacked the procedures and processes necessary to ensure that appropriate monitoring of the CTCs was conducted and that the CTCs had complied with applicable laws, rules, regulations, and grant agreement requirements. Specifically, we found that:

- The CTC evaluation workbook did not require, and the seven CTC annual evaluations reviewed did not include, a review of documentation supporting the amounts invoiced to the Commission by the CTCs. Instead, the LCBs relied on the CTCs to self-report compliance regarding the maintenance of appropriate accounting records.
- For the seven CTC annual evaluations, the Commission was unable to provide documentation demonstrating that Commission personnel had reviewed the evaluations and timely followed up on noncompliance issues noted. The noncompliance issues noted in the evaluations included, for example, one CTC not annually monitoring its transportation operator contracts as required by State law.



- For five of the seven CTC annual evaluations, the Commission was unable provide documentation that all sections in the CTC evaluation workbook, such as the section to evaluate whether the CTC had complied with Commission safety standards, had been addressed by the LCBs.

In addition to the statutorily required CTC monitoring, the Medicaid NET services agreement required the Commission to ensure that the STPs complied with all grant agreement provisions, including those related to eligibility, quality improvement, administration and management, reporting, and compliance with applicable Federal and State laws, rules, and regulations. Although we requested, the Commission was unable to provide documentation demonstrating that the STPs had been monitored by the Commission or another entity during the period July 2012 through February 2014.

Absent appropriate monitoring, Commission management lacks assurance that the CTCs and STPs spend grant moneys only as authorized. Without adequate documentation of the monitoring performed, the Commission cannot demonstrate compliance with the CTC and STP monitoring requirements established in applicable laws, rules, regulations, and the NET services agreement.

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

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**Audit Response:** The Commission will enhance its monitoring procedures and processes. On October 31, 2014 the Commission requested a price quote from qualified organizations to provide quality assurance activities on Community Transportation Coordinators under contract with the Commission.

The Commission will no longer be under contract with AHCA after the contract expires on February 28, 2015. Therefore, the Commission will no longer have contracts with Subcontracted Transportation Providers (STPs).

**6-month Follow-up Response:** As reported by CTD, completed.

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**Finding No. 4: Commission for the Transportation Disadvantaged- As similarly noted in our report No. 2013-066, finding No. 3, the Commission's review, approval and payment processes for CTC and STP invoices were not sufficient to demonstrate that only amounts allowable for transportation services were paid.**

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State law requires that grant agreements be divided into quantifiable units of deliverables directly related to the scope of work and specify the criteria for evaluating the successful completion of each deliverable. Additionally, pursuant to State law, the Chief Financial Officer (CFO) established uniform procedures to ensure that services are rendered in accordance with grant agreement terms and conditions before an agency processes an invoice for payment. The Department of Financial Services (DFS) *State of Florida Contract and Grant User Guide* requires each grant manager to review supporting documentation to gain reasonable assurance that services have been satisfactorily rendered in accordance with the terms of the grant agreement prior to approving an invoice.

The trip and equipment grant agreements established payment rates for various trip types and provided that payments were not to exceed the total allocation provided in the grant agreement. Payments for Medicaid NET services were to be based on amounts established in the STP grant agreements. As previously discussed, the NET services rates were to be based on a formula including both Medicaid encounter data and non-encounter data.

Trip and equipment grant agreements, between the Commission and the CTCs, required that all costs invoiced to the Commission 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 or costs incurred and the required deliverables. Additionally, Commission invoicing procedures required trip and equipment grant recipients to submit.

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**Recommendation: We recommend that Commission management enhance the invoice review and approval processes to ensure that adequate supporting documentation is received and reviewed prior to the payment of invoiced amounts.**

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**Audit Response:** The Commission will review and enhance its invoice review and approval processes. On October 31, 2014 the Commission requested a price quote from qualified organizations to provide quality assurance activities on Community Transportation Coordinators under contract with the Commission. The information gathered through these additional quality assurance activities will assist project managers in ensuring that appropriate documentation supports information on the invoices.

**6-month Follow-up Response:** As reported by CTD, the Commission revised procedures to enhance its invoice review and approval processes. Also, the Commission began implementing quality assurance reviews by an outside contractor in May 2015.

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**Finding No. 5: Commission for the Transportation Disadvantaged-The Commission had not performed an evaluation of, or required an independent service auditors report related to, the design and effectiveness of controls established by the service provider for the CTDFL system. The CTDFL system maintains Medicaid beneficiary information used by the Commission and STPs to administer Medicaid NET services.**

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As part of its agreement with AHCA to provide Medicaid NET services, the Commission is required to ensure trips are provided only to eligible individuals. To satisfy this requirement, the Commission utilizes the CTDFL system to obtain Medicaid eligibility information from AHCA on a daily basis and permits the STPs providing NET services to access the CTDFL system to determine rider eligibility. The STPs also use the CTDFL system to summarize NET services trip information used in preparing monthly invoices.

To administer the CTDFL system, the Commission contracted with a private service provider to, among other things, maintain Medicaid eligibility data and make it available to the Commission and STPs. At the request of the Commission, the private service provider is also to perform modifications and additions to existing CTDFL system functionality. Some of the CTDFL system information, such as social security numbers and Medicaid identification numbers, is considered confidential and, as such, is exempt from the State's public record laws.

The Commission relies on the CTDFL system to verify that STP-submitted claims only include NET services trips provided to Medicaid-eligible beneficiaries. The Commission also relies on CTDFL system data field edits, such as those requiring Medicaid identification numbers be all numeric characters, to promote the accuracy of NET services data. Accordingly, Commission management needs assurance that the controls established by the service provider are effective to ensure the accuracy and completeness of the CTDFL system information.

We inquired of Commission management regarding the Commission's processes for independently evaluating, or requesting an independent service auditor's report related to, the effectiveness of controls designed and established by the service provider for the CTDFL system. According to Commission management, the Commission had not evaluated the service provider's controls, or requested, received, or reviewed a service auditor's report for the period July 2012 through May 2014. Additionally, we noted that a provision requiring the submittal of a service auditor's report was not included in the Commission's contract with the service provider.

Absent an evaluation of the service provider's controls related to the CTDFL system, the Commission has limited assurance that the CTDFL system information relied upon for Medicaid eligibility determinations and used by the STPs in preparing monthly invoices is accurate and complete. An independent service auditor's report, timely obtained and reviewed by Commission personnel, would provide Commission management with essential information regarding the design adequacy and operating effectiveness of the controls established by the service provider for the CTDFL system.

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**Recommendation:** We recommend that Commission management take appropriate steps to ensure that the CTDFL system service provider's controls are adequately designed and operating effectively. Such steps may include amending the contract with the CTDFL system service provider to require an annual independent service auditors report on the effectiveness of the service provider's CTDFL system controls, and requiring Commission personnel to document their timely review of the service auditor's reports.

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**Audit Response:** The Commission will no longer be under contract with AHCA after the contract expires on February 28, 2015. The CTDFL system will be inactive soon after the contract expires.

**6-month Follow-up Response:** As reported by CTD, the contract ended on Feb 28, 2015. According to the CTD Executive Director, there is still one CTC that has a problem submitting their final data set; CTDFL has been closed to all other CTC/STPs.

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**Finding No. 6: Commission for the Transportation Disadvantaged-The Commission did not always ensure that contracted workers with access to confidential information in the CTDFL system received required background screenings.**

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The State term contracts for information technology (IT) consulting services and temporary employment staffing services each required contractors to provide information sufficient to conduct criminal background screenings, and assigned the responsibility for requesting the information to the agency utilizing the contract. State law requires every State agency to designate those positions that, because of the special trust or responsibility or sensitive location of those positions, require background screenings. Agency for Enterprise Information Technology (AEIT) rules, advise agency heads to designate IT positions with access to information processing facilities and certain system, database, developer, and network capabilities as positions of special trust. Pursuant to State law, persons and employees in positions of special trust are to be subject to level 2 screenings as a condition of employment and continued employment. State law provides that a level 2 screening is to include, but need not be limited to, fingerprinting for statewide criminal history records checks through the Department of Law Enforcement, national criminal records checks through the Federal Bureau of Investigation, and may include local criminal history records checks through local law enforcement agencies.

As part of our audit we reviewed Commission records, including CTDFL system user access records, to evaluate whether the Commission had requested and obtained the required level 2 screenings. Commission records indicated that, for the 2013-14 fiscal year, the Commission had procured, through State term contracts, IT support and temporary employment staffing services for the positions of IT Manager and Financial Analyst. According to Commission records, the Commission granted, to each of the contracted employees, read-only access to the CTDFL system, and the IT Manager was also given the ability to create and manage user accounts. As previously noted, the CTDFL system contains confidential information such as social security numbers and Medicaid identification numbers. However, in response to our audit inquiry, Commission management indicated that the Commission had not requested or obtained a level 2 screening for either of the contracted employees.

Requiring level 2 screenings be performed for all contracted employees with access to confidential information included in the CTDFL system would help to ensure that only those individuals with appropriate backgrounds are granted access to confidential Medicaid program data and Commission data and IT resources.

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**Recommendation: We recommend that Commission management ensure that Level 2 screenings are performed for all persons who have, or will be granted, access to the CTDFL system.**

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**Audit Response:** All contract employees have Level 2 screenings.

**6-month Follow-up Response:** As reported by CTD, completed.

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**Finding No. 7: Commission for the Transportation Disadvantaged- Commission procedures were not always adequate to ensure that the information in the annual report submitted to the Governor and the Legislature was accurate, complete, and supported by appropriate records.**

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. Commission rules provide that the report is to contain 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*.

To facilitate collection of the required report data from the CTCs, the Commission developed the AOR system, a Web-based system for electronic reporting, collection, and compilation of 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 total trip miles. The CTCs are responsible for annually reporting the data through the AOR system by September 15th. Examples of required information include 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. According to Commission AOR Instructions, the CTCs must be able to support all the information submitted and the information is subject to Commission review.

To evaluate whether Commission processes adequately ensured that the CTC-reported information was reviewed by the Commission for accuracy and completeness, we inquired of Commission personnel and examined documentation for six CTC AORs (two 2012 reports and four 2013 reports). As similarly noted in our report No. 2013-066, finding No. 4, our audit procedures disclosed that the Commission had not fully evaluated the supporting documentation for the information reported by the CTCs in the 2012 and 2013 AORs. Additionally, we noted that, although Commission procedures had been established for the completion of the CTC AORs, those procedures did not include a requirement that Commission personnel review and approve each CTC AOR. In response to our audit inquiries, Commission management indicated that the project manager reviews were limited to checks for completeness and reasonableness regarding fluctuations in activities from year to year.

Our examination of documentation for the six CTC AORs disclosed that the Commission's processes were not adequate to ensure that CTC explanations for reported activity fluctuations were reasonable. For example:

- To explain an increase in CTC vehicle and person accidents from 6 during the 2011- 12 fiscal year to 14 during the 2012-13 fiscal year, the Commission accepted one CTC's explanation of "more accidents during this period." Additionally, we noted that the number of ambulatory trips increased by 8,110 between the 201112 and 2012-13 fiscal years, from 105,574 to 113,684;

however, the Commission accepted this CTC's explanation that the increase in trips was due to a decrease in demand.

- For another CTC, to explain an increase in CTC vehicle and person accidents from 5 during the 2011-12 fiscal year to 46 during the 2012-13 fiscal year, the Commission accepted the CTC's explanations of, "Item understated last year" and "Incomplete reporting last FY" without any evidence to support a prior year understatement or incomplete reporting.

Absent adequate reviews of the required CTC AOR information, including reviews of supporting documentation and evaluation of the reasonableness of CTC-provided explanations for year-to-year activity fluctuations, the Commission lacks sufficient 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. In addition, as noted in finding No. 1 of this report, absent accurate and complete AOR data, the risk is increased that the Commission may not appropriately allocate trip and equipment grant funds to the CTCs.

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**Recommendation: We again recommend that Commission management establish and implement procedures to ensure that information reported in the annual report to the Governor and Legislature is accurate, complete, and supported by appropriate documentation. Such procedures should include, among other things, a requirement that CTC- provided explanations for year-to-year activity fluctuations be evaluated for reasonableness by Commission project managers.**

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**Audit Response:** On October 31, 2014 the Commission requested a price quote from qualified organizations to provide quality assurance activities on Community Transportation Coordinators under contract with the Commission. The information gathered through these additional quality assurance activities will assist project managers enhance the accuracy and completeness of information reported in the annual report.

**6-month Follow-up Response:** As reported by CTD, the Commission began implementing quality assurance reviews by an outside contractor in May 2015.

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**Finding No. 8: Commission for the Transportation Disadvantaged-The Commission had not performed periodic reviews of the CTDFL and Annual Operating Report (AOR) system user access privileges and had not removed CTDFL system access privileges for a user who had separated from employment with an STP provider. Also, as similarly noted in our report No. 2013-066, finding No. 5, the information technology (IT) security controls for the CTDFL and AOR systems need improvement.**

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IT controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit included procedures to evaluate the design and effectiveness of selected Commission IT controls for the CTDFL and AOR systems. As previously noted, the CTDFL system contains confidential Medicaid eligibility information for STP staff use in determining rider eligibility. The STPs also use the CTDFL system to submit NET services trip claims used in preparing monthly invoices. The AOR system is used for electronic reporting, collecting, and compiling CTC data.

Our audit procedures disclosed that the Commission needed to improve controls for the CTDFL and AOR systems. Specifically:

- In response to our audit inquiries, Commission management indicated that periodic reviews of the CTDFL and AOR system user access privileges had not been performed. Additionally, our review of CTDFL system user access records disclosed that, although a CTDFL system user at an STP had separated from employment with the STP, the Commission had not removed the user's CTDFL system access privileges. AEIT rules, require agency information owners to review access rights (privileges) periodically based on risk, access account change activity, and error rate. Periodic reviews of access privileges help ensure that the access privileges assigned to users are monitored on a regular basis to verify that the access privileges are authorized and remain appropriate.
- We noted certain CTDFL and AOR system security control issues, including some that we had previously communicated to Commission management in connection with our report No. 2013-066, finding No. 5. We are not disclosing 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, the risk is increased that the confidentiality, integrity, and availability of Commission data and IT resources may be compromised.

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**Recommendation: We recommend that Commission management ensure periodic reviews of CTDFL and AOR system user access privileges are performed to verify the continued appropriateness of assigned user access privileges. Also, we again recommend that Commission management ensure that appropriate IT security controls are implemented for the CTDFL and AOR systems.**

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**Audit Response:** The Commission will no longer be under contract with AHCA after the contract expires on February 28, 2015. Therefore, the CTDFL system will become inactive after the contract expires.

The Commission will consult with FDOT CIO and MGT of America to determine the risk of unauthorized personnel accessing sensitive data in the AOR system and, if the risk is unacceptable, determine the costs necessary to reduce the risk to an acceptable level.

**6-month Follow-up Response:** As reported by CTD, the risk of unauthorized personnel accessing sensitive data in the AOR system is low. The Commission consulted with the Executive Office of the Governor to modify the 2015-16 Legislative Budget Request to add this issue. The request was not approved. The Commission is reviewing other options to even further reduce the risk of unauthorized personnel accessing the AOR system.

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**Finding No. 9: Road Ranger Service Patrol Program-The Department had not established policies and procedures to ensure that monitoring efforts for the Road Ranger Service Patrol Program contracts were sufficient and that adequate documentation of the monitoring efforts was maintained.**

The Department established the standard scope of services to be included by the districts and the Turnpike in all Road Ranger Program contracts. The scope of services required that the contractor 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; and
- Each Road Ranger vehicle operator's current certification for completing Intermediate Maintenance of Traffic, Traffic Incident Management, CPR, and first aid training.

Additionally, Districts Two, Four, and Six and the Turnpike added additional documentation requirements to the scope of services, such as proof that minimum Road Ranger vehicle operator pay requirements were met, and any changes to scheduled vehicle operators or service vehicles.

As part of our audit, 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) active during the period July 2012 through February 2014. Our audit tests disclosed that the documentation maintained by the districts and the Turnpike did not always demonstrate that sufficient Road Ranger Program contract monitoring had been performed. We also noted 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 Road Ranger Program contracts, or to document and follow-up on compliance issues noted during monitoring. Specifically:

- For all five contracts, totaling \$94,101,536, district and Turnpike staff did not utilize a standard checklist documenting the specific criteria, standards, and

methods used to monitor the contracts and follow-up on any compliance issues noted. In addition, no documentation of supervisory review of the contract monitoring activities was available.

- For three of the contracts, totaling \$76,190,693, district (Districts Three and Four) and Turnpike staff did not document the review of required Road Ranger vehicle operator documents, including drug screenings, driving records, background checks, and training credentials.
- For two of the contracts, totaling \$60,819,373, District Three and Turnpike staff did not document the periodic inspection of Road Ranger service vehicles.
- For the \$23,364,480 Turnpike contract, Turnpike staff did not document that the contractor was in compliance with the minimum operator pay requirements.

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. Additionally, absent adequate supervisory review, 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. Department-established Road Ranger Program contract monitoring guidelines would promote the effectiveness of district and Turnpike monitoring activities by specifying criteria, standards, methods, and documentation and supervisory review requirements.

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**Recommendation: We recommend that Department management establish, for district and Turnpike staff use, Road Ranger Program contract monitoring policies and procedures that specify criteria, standards, methods, and documentation and supervisory review requirements. District and Turnpike management should ensure that monitoring activities are adequately documented and performed in accordance with the Department-established policies and procedures.**

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**Audit Response:** The Department agrees with the findings that there are not established policies and procedures in place to ensure that monitoring efforts for Road Ranger Service Patrol Program contracts are sufficient and adequate. Central Office Traffic Engineering and Operations Office will be reviewing policies and procedures written for contractual services. Coordination efforts with the Central Office Procurement Office to review current and future scopes of service for Road Ranger services 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, a detailed checklist will be created of required documentation to be collected and actions to be taken by the contract manager during the QA/QC process. All established document retention policies will be adhered to throughout the contract period. Initial notification for program changes will be sent to all program managers via email. As documentation is developed and/or revised, copies of the documentation will be distributed to the team for use by the contract manager for each district.

**6-month Follow-up Response:** In progress; estimated completion date 6/30/15.

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**6-month Follow-up to the Office of the Auditor General**  
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**Finding No. 10: Road Ranger Service Patrol Program- Road Ranger Service Patrol Program payments were not always supported by adequate documentation.**

Pursuant to the various Road Ranger Program contracts, with the exception of the District Three contract, contract payments were to be based on the type of vehicle and hours spent patrolling designated areas. To verify that Road Ranger vehicle operators were patrolling their designated areas during the dates and times established by contract, six districts and the Turnpike equipped Road Ranger service vehicles with Automatic Vehicle Location (AVL) devices, which transmit data such as the vehicle's speed and location to the Department's SunGuide Software (SunGuide) at a Department Regional Transportation Management Center (RTMC).

To operate the RTMCs, the Department entered into service agreements with independent contractors whose responsibilities included activities such as:

- Providing dispatch information (such as distressed motorists' locations) to Road Ranger vehicle operators;
- Monitoring AVL data in SunGuide to, among other things;
- Verify that the Road Ranger vehicle operator entered their route when their shift started, and patrolled their route throughout their shift;
- Identify and document unauthorized Road Ranger vehicle operator stops or departures from routes in excess of 15 minutes; and
- Investigate AVL alerts, such as engine off and vehicle stop alerts, and document the results.

As part of our audit, we evaluated Department policies and procedures and the districts' and Turnpike's processes for reviewing, approving, and paying Road Ranger Program contractor invoices. Pursuant to State law, 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. Additionally, the DFS *State of Florida Contract and Grant User Guide* specifies that each contract manager is required to review supporting documentation to gain reasonable assurance that services have been satisfactorily provided within the terms of the agreement before the agency processes an invoice for payment.

Our audit procedures disclosed that, although the Road Ranger Program contracts contained provisions requiring bills for services be submitted in detail sufficient for a proper preaudit and postaudit, Department policies and procedures did not provide guidance regarding the types of supporting documentation required to be reviewed by project managers prior to approving and processing Road Ranger Program contract payments. For example, to gain reasonable assurance that services have been satisfactorily provided, project managers could be required to obtain and review

documentation such as Road Range vehicle operator time cards, or other reports of actual hours worked, and evaluations of Road Ranger vehicle operators' AVL start shift, meal, break, and end shift statuses prepared by the RTMC contractors. We also found, that the districts and the Turnpike could not always demonstrate that contract payments were supported by adequate documentation.

Our tests of 25 Road Ranger Program contract payments disclosed that, for 21 contract payments totaling \$4,332,087, district and Turnpike staff did not maintain adequate documentation, such as reports of actual hours worked and RTMC contractor evaluations of Road Ranger vehicle operators' AVL start shift, meal, break, and end shift statuses, to support that services had been verified as received prior to payment. In response to our audit inquiries, district and Turnpike management described various invoice review procedures and provided various explanations for the lack of adequate documentation. For example, District One management indicated that SunGuide AVL reports were periodically reviewed for inconsistencies in the invoiced hours, such as hours for which vehicles were reported in patrolling status but were traveling at zero miles per hour. District staff were then to resolve any issues noted with the Road Ranger Program contractor and, if necessary, reduce the amounts on the monthly invoices prior to payment. However, District One management also stated that, upon resolution of noted issues with the contractor, all documentation supporting the review of the SunGuide AVL reports was discarded.

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

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**Recommendation:** We recommend that Department management establish policies and procedures specifying the types of documentation needed to support Road Ranger Program contract payments. Such policies and procedures should also require district and Turnpike staff to document the processes used to verify that services were rendered in accordance with contract requirements prior to approving contractor invoices for payment.

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**Audit Response:** The Department agrees in the findings that Road Ranger Service Patrol payments were not always supported by adequate documentation. Central Office Traffic Engineering and Operations Office is reviewing policies and procedures written for contractual services and coordinating efforts with the Central Office Procurement Office to review current and future scopes of service to ensure that the "Method of Compensation" section clearly outlines the documentation requirements for invoice processing. To support the direction given in the Method of Compensation, the TIM/CVO Office will develop a detailed checklist of documentation to be collected and actions to be taken by the contract manager when they receive and process invoices for work performed under the contract. All established document retention policies will be adhered to throughout the contract period.

Initial notification for program changes will be sent to all program managers via email. As documentation is developed and/or revised, copies of the documentation will be distributed to the team for use by the contract manager for each district.

**6-month Follow-up Response:** In progress; estimated completion date 6/30/15.

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**Finding No. 11: Road Ranger Service Patrol Program-The Department had not established unique accounting codes to facilitate the recording and tracking of Road Ranger Service Patrol Program expenditures.**

The Department utilizes the Florida Accounting Information Resource Subsystem (FLAIR) to authorize payment of Department obligations and to record and report financial transactions. To allow State agencies to uniquely identify specific types of expenditures, FLAIR provides for the customization of expenditure object codes. The DFS has established a FLAIR procedures manual to, among other things, instruct State agency staff regarding the use of unique expenditure object codes. Additionally, CFO memoranda require State agencies to record a FLAIR contract identification number (ID) on all payments associated with a contract reported in the Florida Accountability Contract Tracking System (FACTS). State law provided that at least \$11 million from the Transportation Highway Maintenance Contracts appropriation category was to be used for the Road Ranger Program in each of the 2012-13 and 2013-14 fiscal years. In total, the Department was appropriated \$381,013,888 and \$397,744,444, respectively, in the Transportation Highway Maintenance Contracts appropriation category.

As part of our audit, we evaluated Department processes for recording and tracking Road Ranger Program expenditures in FLAIR and analyzed Department accounting records for the period July 2012 through December 2013. Our audit procedures disclosed that the Department did not effectively record and track Road Ranger Program expenditures so that the total Program expenditures could be determined and payments related to each contract could be readily identified. Specifically, we found that:

- The FLAIR object codes used by Department staff to record Road Ranger Program expenditures were not unique to the Program.
- Department staff did not always record the contract ID when entering Department expenditure transactions related to the Transportation Highway Maintenance Contracts appropriation category in FLAIR. Specifically, of the 19,011 expenditure transactions included in our analysis, Department staff did not record the contract ID for 5,600 transactions. As a result, Road Ranger Program contract payments made from the Transportation Highway Maintenance Contracts appropriation category could not always be identified by contract ID.

In response to our audit inquiry, Department management indicated that each district and the Turnpike used different FLAIR object codes to record and report Road Ranger Program expenditures. Absent utilization of Program-unique accounting codes used consistently by district and Turnpike personnel, and the entry of applicable contract IDs, the Department has reduced assurance that Road Ranger Program expenditures are correctly recorded and can be tracked and readily identified with the applicable contracts. Additionally, absent the utilization of contract IDs on all Road Ranger Program expenditures, the Department cannot demonstrate compliance with CFO financial reporting requirements.

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**Recommendation:** We recommend that Department management establish unique expenditure accounting codes to facilitate the consistent recording and tracking of Road Ranger Program expenditures. Additionally, we recommend that Department management ensure that contract IDs are utilized for all expenditure transactions within the Transportation Highway Maintenance Contracts appropriation category, including those related to Road Ranger Program.

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**Audit Response:** The Department agrees with the findings that there are no unique accounting codes in place to facilitate the recording and tracking of Road Ranger Service Patrol Program expenditures. Central Office Traffic Engineering and Operations Office will work with the Central Office Comptroller's Office to establish unique accounting codes that will facilitate the tracking of Road Ranger Service Patrol Program expenditures. The unique accounting codes will be created within the next three months and will be used on District contracts when new funds are allocated or new contracts are established.

**6-month Follow-up Response:** In progress; estimated completion date 7/31/15.

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**Finding No. 12: Road Ranger Service Patrol Program-The Department did not always document that project managers were independent of, and had no conflict of interest in, the Road Ranger Service Patrol Program contractors whose contracts they were assigned to manage.**

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As part of our audit we examined Department policies and procedures and noted that the Department had established procedures requiring conflict of interest forms be signed by individuals involved in procurement of Department contracts, including Road Ranger Program contracts. However, we also noted that the Department had not established policies and procedures requiring Road Ranger Program project managers to attest, in writing, that they were independent of, and had no conflict of interest in, the contractors whose contracts they were assigned to manage.

Although Department policies and procedures did not require Road Ranger Program project managers to sign conflict of interest forms, our review of selected Program contract files disclosed that, while some files contained evidence that the project manager had no conflict of interest, other files did not. Specifically, our review of five contract files (one file each from the Turnpike and Districts Two, Three, Four, and Six) disclosed that the Turnpike and Districts Two and Four contract files contained evidence that the project managers had no conflict of interest, but the Districts Three and Six files did not.

As the Road Ranger Program provides services directly to the motoring public, processes designed to promote Program integrity are especially important. Policies and procedures requiring all Road Ranger Program project managers to certify, in writing, that they are independent of, and have no conflict of interest in, the entities whose contracts they are assigned to manage, would provide Department management with additional assurances, and enable management to demonstrate, that Program contracts are being managed in an independent and impartial manner.

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**Recommendation:** We recommend that Department management establish policies and procedures requiring that documentation be maintained to demonstrate that all project managers involved in the oversight of Road Ranger Program contracts are independent of, and have no conflict of interest in, the entities whose contracts they are assigned to manage.

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**Audit Response:** The Department agrees with the findings of the audit and has a form in-place that addresses conflict of interest (i.e. 375-030-050 Conflict of Interest Certification Public Officers/Employees). Central Office Traffic Engineering and Operations Office will work with Central Office Procurement Office to establish requirements on the updating schedule and distribution to the District Procurement Offices. Central Office Traffic Engineering office will work with Central Office Procurement office on how to properly distribute the forms to the District Procurement offices.

**6-month Follow-up Response:** In progress; estimated completion date 6/30/15.



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**Finding No. 13: Road Ranger Service Patrol Program- Contrary to State law, the Department did not complete a cost analysis prior to executing a non-competitively procured Road Ranger Service Patrol Program contract for \$5.98 million.**

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State law specifies that persons or entities awarded funding to provide services on a noncompetitive basis may not receive a rate of payment in excess of the competitive prevailing rate for those services unless expressly authorized in law. Effective July 1, 2010, each State agency is to maintain records to support a cost analysis, which includes a detailed budget submitted by the person or entity awarded funding and the agency's documented review of the individual cost elements from the budget for allowability, reasonableness, and necessity. Department contractual services policies and procedures required that all noncompetitively procured contractual services in excess of \$35,000 be supported by a price and cost analysis that met the requirements of State law.

As part of our audit, we examined district and Turnpike procurement records for three Road Ranger Program contracts executed during the period July 2012 through February 2014, including records for one contract obtained on a noncompetitive basis, to evaluate whether Program services were procured in accordance with State law. Our audit procedures disclosed that District Five, in procuring a Road Ranger Program contract for \$5,976,340 on a noncompetitive basis, had not conducted a cost analysis although required by State law and Department policies and procedures.

Timely prepared cost analyses documenting the review of each noncompetitively procured contract's individual cost elements provide assurance, and serve to demonstrate, that contracts were not awarded in amounts in excess of competitive prevailing rates.

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**Recommendation:** We recommend that district and Turnpike management ensure that, for contracts awarded on a non-competitive basis, documented cost analyses are completed prior to contract execution and in accordance with State law and Department policies and procedures.

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**Audit Response:** The Department agrees that cost analysis is required prior to executing a noncompetitive procured contract, even in cases where a transit agency (Lynx) is utilized. The Chief Financial Officer Memorandum No. 2 (2012-2013) dated October 3, 2012 addresses contract and grant reviews and related payment processing requirements. In the section titled "Cost Analysis Required By Section 216.3475. Florida Statutes" the requirements for noncompetitive bid contracts is discussed. Also provided within the document is an example of a cost analysis for non-competitively procured agreements in excess of category II. Central Office Traffic Engineering and Operations office will provide the District Road Ranger Project managers a copy of the memo for their record. Guidance will be given immediately.

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

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**Finding No. 14: Road Ranger Service Patrol Program-The Department had not conducted periodic user access privilege reviews for the SunGuide or Road Ranger Driver Information System used to manage the Road Ranger Service Patrol Program.**

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Effective IT controls 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. Additionally, AEIT rules provide that State agency information owners are to review access rights (privileges) periodically based on risk, access account change activity, and error rate. According to Department personnel, management of each district and the Turnpike was responsible for controlling access to SunGuide. During the period of our audit, access to SunGuide was granted to district, Turnpike, and RTMC contractor personnel.

To supplement the information maintained by SunGuide, District Six utilized the Road Ranger Driver Information System (RRDIS), a Web-based application designed to maintain Road Ranger Program vehicle operator information, such as social security numbers, drivers' licenses, background checks, schedules, and vehicle information. Access to the RRDIS was granted to District Six personnel, Road Ranger Program contractors, and RTMC contractor personnel.

As part of our audit, we evaluated district and Turnpike IT user access controls and noted that periodic reviews of SunGuide and RRDIS user access privileges had not been performed. In addition, we noted that District Two had not timely removed one employee's user access privileges to SunGuide upon separation from Department employment. Subsequent to our audit inquiry, and 351 business days after the employee separated from Department employment, the former employee's user access privileges were removed.

Absent periodic and timely reviews of user access privileges, Department management cannot be assured that SunGuide and RRDIS access privileges are appropriate and provided only to authorized personnel.

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**Recommendation:** We recommend that Department management ensure that reviews of SunGuide user access privileges are performed to verify the continued appropriateness of assigned user access privileges. Additionally, we recommend that District Six management take steps to ensure that periodic reviews of the appropriate of RRDIS user access privileges are performed.

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**Audit Response:** The Department agrees that periodic reviews of user privileges for SunGuide and Road Ranger Driver Information System should be conducted. The Department has policies and procedures in-place that address issues relating to computer security (i.e. Topic Number: 001-325-060; Security and Use of Information Technology Resources, and Topic No. 325-000-002; Information Technology Resource User's Manual). These policies and procedures address issues such as system access, passwords, systems usage and etc.

Central Office Traffic Engineering and Operations office will work with the local District SunGuide Administrators to ensure that user access is monitored (i.e. grant and rescinded access as required). Adherence to these processes will be verified during the Quality Assurance Review (QAR) Process. These same guidelines will be used for the Road Ranger Driver Information System in District Six as well. Guidance will be given immediately, verification of compliance will be performed during future QAR's.

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

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**Finding No. 15: Professional Services Consultant Qualifications-The Department approved certain professional services consultants for types of work for which the professional services consultant did not meet the minimum qualification requirements. Additionally, the Department did not always adequately document the professional services consultant qualification evaluation.**

Department rules specify the minimum criteria that Department staff are to consider when determining whether a consultant is qualified to perform a type of work specified in the qualification request. Those criteria include:

- Current license or registration as regulated by the State or national organizations, as appropriate.
- Personnel with appropriate experience and training as detailed in the applicable type of work qualifications.
- Registration with the Department of State (DOS), if the applicant is a corporation or limited partnership.
- Past performance on Department contracts.
- History of debarment or suspension from consideration for work with any other governmental entity.
- History of conviction of a contract crime, by the applicant or its affiliate, including reapplication and reinstatement.
- Employment of, or otherwise providing compensation to, any employee or officer of the Department.

As part of our audit, we examined 45 qualified professional services consultant files that included qualification packages approved during the period July 2012 through February 2014. Our examination disclosed that Department qualification decisions were not always adequately documented or made in accordance with Department rules. Specifically:

- For 4 of the 45 consultant files we examined, the Department approved the consultant's request for qualification in types of work for which the consultant did not meet the minimum personnel requirements. Specifically, none of the four applicable consultants had the required number of PEs on staff for the specified type of work. For example, one consultant was qualified by the Department in July 2008 for type of work 10.5.3: Major Bridge Construction Engineering Inspection—Segmental. This type of work required the consultant to have two PEs on staff. Our examination of the consultant's file disclosed that, although the license of one of the consultant's two PEs had been null and void since February 2005, the Department renewed the consultant's qualification in January 2014. Subsequent to our audit inquiries, Department management determined that none of the four

consultants had the required number of PEs qualified to meet the minimum personnel requirements and, therefore, removed the qualification status of the four consultants.

- For another 7 of the 45 consultant files we examined, the Department reviewer did not sufficiently document, for the types of work approved, the evaluation verification of the minimum personnel requirements for the qualifying staff indicated in the consultant's qualification package. Such documentation generally includes evidence of the Department reviewer's name and approval date for each consultant's qualifying staff members, by type of work.
- Department staff were unable to provide, for any of the 45 consultant files we examined, documentation demonstrating an evaluation of the consultant's compliance with qualifying staff members' licensure or registration requirements and verification of the consultant's registration with the DOS.
- Department staff did not timely or adequately document, for any of the 45 consultant files we examined, verification that the consultants did not have a history of debarment, suspension, or conviction of a contract crime, prior to approval of the qualification package. Specifically:
  - For 42 consultants, the Department was unable to provide documentation demonstrating that debarment, suspension, and conviction lists had been reviewed.
  - For the other 3 consultants, Department records indicated that the qualification package was approved prior to the date Department staff checked the applicable debarment, suspension, or conviction lists. The number of days that elapsed from the date of approval to the date the lists were reviewed ranged from 20 to 139 days.

In March 2014, the Department established a plan to conduct periodic quality assurance reviews (QARs) for a sample of qualified consultants. Pursuant to the plan, the Department was to conduct 10 QARs per quarter for a total of 40 QARS each year. The Department also developed a standard checklist to facilitate the performance of the QARs and verification of the qualification requirements specified in Department rules.

Absent sufficient documentation of the Department's evaluation and approval process, the Department cannot clearly demonstrate that consultants met all established qualification requirements prior to Department approval. Additionally, absent periodic reviews of the licensure status of the consultant's qualifying staff members, Department management has limited assurance that only qualified staff are used by consultants to qualify for types of work.

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**Recommendation:** We recommend that Department management ensure that consultant qualification package evaluations are appropriately performed and documented. Additionally, we recommend that Department management continue efforts to implement a QAR process to provide additional assurance that consultants certified as qualified by the Department meet all the applicable requirements.

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**Audit Response:** Agree. The Department concurs with the recommendation. Essential qualification verification information such as qualifying staff, date of approval, level approved, work type, and technical reviewer information will all be consolidated on one

form, instead of multiple documents. Furthermore, in accordance with Rule 14-75.003, the Department has implemented a Quality Assurance process and will periodically audit a sampling of qualified professional services consultants to ensure compliance with the Rule requirements. A Professional Services Quality Assurance Monitoring Plan and Quality Assurance Review Checklist have been posted to the Department's Performance Management Quality Assurance and Quality Control site. The Department will sample audit 40 prequalification files on an annual basis, and will validate the following critical requirements: registration with Florida Department of State; current licensure/certificates of the firm; proof of professional liability insurance; history of conviction for contract crimes; and employment of qualifying staff.

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

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**Finding No. 16: Professional Services Consultant Qualifications-The Department did not always document that personnel involved in the professional services consultant qualification process were independent of, and had no conflict of interest in, the professional services consultants evaluated.**

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Department procedures provided that Department employees may not have any interest, financial or otherwise, direct or indirect; engage in any business transaction or professional activity; or accept any obligation of any kind which was in conflict with the proper conduct of their duties in the public interest. Additionally, State law specifies that no public officer or employee is to have or hold any employment or contractual relationship with any business entity or any agency which is subject to the regulation of, or is doing business with, the agency of which he or she is an officer or employee.

We examined 45 qualified professional services consultant files that included qualification packages approved during the period July 2012 through February 2014 and made inquiries of Department management to determine whether the Department adequately documented that Department personnel involved in the consultant qualification process were independent of, and had no conflict of interest in, the related consultants. We found that the Department did not document that the Department personnel involved in the evaluation of the 45 consultant qualification packages were independent and free of any conflicts of interest. In May 2014, and subsequent to our audit inquiry, the Department established a conflict of interest form to be completed by Department personnel making decisions, approvals, or denials regarding the qualification of professional services consultants.

Documentation demonstrating that all personnel involved in the professional services consultant qualification process are independent of, and free from any conflicts of interest related to, the consultants subject to review provides greater assurance that Department consultant qualification decisions are made in an independent and impartial manner.

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**Recommendation:** We recommend that the Department management ensure that documentation is maintained to demonstrate that all personnel involved in the qualification of professional services consultants are independent of and have no conflict of interest related to, the consultants subject to review.

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**Audit Response:** Agree. While there were no conflicts of interest found on the part of FDOT technical reviewers during the operational audit, the Department agrees that a best practice would be to implement use of a conflict of interest certification form. Subsequent to the operational audit, the Department created *Professional Services Prequalification Technical Reviewer Conflict of Interest Certification*, Form No. 375-030-29. The certification form must be signed annually by every technical reviewer and is kept on file with the Procurement Office. The Department's process will be to require Professional Services Work Type technical reviewers and their alternates to certify that they do not have a conflict of interest with firms under consideration for qualification in the work types they are responsible for reviewing. If such conflict arises, the reviewer notifies the Prequalification Administrator and is recused from the review.

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

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**Finding No. 17: Professional Services Consultant Qualifications-The Department had not performed periodic reviews of the user access privileges for the Professional Prequalification system used by the Department to track the evaluation of professional services consultant qualifications.**

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IT controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit included procedures to evaluate the design and effectiveness of selected Department IT controls, including those established for the Professional Prequalification (PPQ) system. The PPQ system is used by Department staff to maintain information, including some confidential and sensitive information, provided by consultants who submit a qualification request to provide certain types of work, and to document the Department's qualification approval or denial.

AEIT rules require agency information owners to review access rights (privileges) periodically based on risk, access account change activity, and error rate. Periodic reviews of access privileges help ensure that access privileges assigned to users are monitored on a regular basis to verify that the access privileges are authorized and remain appropriate. In response to our audit inquiry, Department management indicated that periodic reviews of PPQ system user access privileges had not been performed. Subsequent to our audit inquiry, Department staff performed a review of PPQ system user access privileges and discovered that six PPQ system users (three in District One, one in District Four, one in District Five, and one in District Seven) no longer required access to the PPQ system.

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**Recommendation:** We recommend that the Department management ensure periodic reviews of PPQ system user access privileges are performed to verify the continued appropriateness of assigned user access privileges.

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**Audit Response:** Agree. The Department concurs with the recommendation, and has implemented an annual review of user access to the Professional Services Information System. Procurement will request an extract of PPQ user account profiles from the Automated Access Request Form (AARF) system. Access will be verified with the District Professional Services Administrators. Note that at no time were non-Department personnel able to access confidential overhead audit information in PPQ.

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



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**Finding No. 18: Tangible Personal Property-The Department did not always timely record tangible personal property acquisitions in Department property records. Additionally, Department tangible personal property records did not include, or did not accurately include, for all property items, the information required by the Department of Financial Services rules.**

Effective controls for the management of tangible personal property require that property items be adequately controlled, safeguarded, and accounted for by Department management. Pursuant to DFS rules, State agencies are to record all tangible personal property with a value or cost of \$1,000 or more and a projected useful life of one 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. DFS rules also require that, for each item, agency property records include, among other things, the inventory date, acquisition date, description of the item, assigned property number, physical location, and manufacturer's serial number, if any.

The FLAIR Property Subsystem facilitates the creation and maintenance of a property file that contains detailed information for each property item. To promote the proper accountability for and safeguarding of tangible personal property, DFS rules require State agencies to complete a physical inventory of all tangible personal property at least once each fiscal year. Upon completion of a physical inventory, the inventory data is to be compared with the individual property records. Noted differences such as location and condition are to be investigated and corrected as appropriate or, alternatively, the item is to be relocated to its assigned location. The Department established tangible personal property procedures that describe how the requirements in DFS rules are to be accomplished, including requiring that tangible personal property be added to Department property records within 20 days of receipt.

According to Department records, the acquisition costs of the Department's tangible personal property totaled approximately \$455.5 million at February 28, 2014, and the Department made 6,294 tangible personal property expenditure transactions, totaling \$68,524,873, during the period July 2012 through February 2014. As part of our audit, we reviewed documentation for 33 expenditure transactions, totaling \$2,208,700 and related to 162 property items. We also examined the applicable property and inventory records related to the 162 property items. We found that the Department did not always timely record purchases of tangible personal property in the property records and Department property records did not contain all the information required by DFS rules and Department procedures and necessary to ensure the accurate reporting and safeguarding of Department property. Specifically, for 77 of the 162 property items tested, we noted that:

- The Department had not timely recorded 3 property items, with acquisition costs totaling \$69,571, in the property records. These 3 items were added to the property records 33 to 132 days after the dates the Department received the items.

- The data from the physical inventory for 34 property items, with acquisition costs totaling \$145,677, was not properly reconciled to the Department's property records. Specifically, the location codes in the property records for 30 low band radios and two motor vehicles did not agree with the physical inventory records, and the serial numbers for a 70-inch television and a video security system were missing from the property records. Subsequent to our audit inquiry, the Department updated the location codes for the 30 low band radios and added the missing information to the property records for the 70-inch television and the video security system; however, as of August 28, 2014, the Department had not resolved the different location codes noted for the two motor vehicles.
- The acquisition costs for 44 property items did not include all the costs necessary to get the property items in place and ready for use. Department staff recorded total acquisition costs of \$1,057,809 for these 44 items, which did not include ancillary costs totaling \$48,966 for such things as parts, freight, and installation. (Two of these 44 items are also included in the bullet related to delays in recording property items and another 2 of these items are also included in the bullet related to inaccurate or incomplete property record information.)

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

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**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.

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**Audit Response:** We concur with the finding, except for the location codes related to the two motor vehicles. The two vehicles were scanned during our annual physical inventory. The individual scanning the vehicles changed the location codes in the inventory file, not realizing that motor vehicles have unique location codes. Subsequent to inventory completion, FLAIR property records are updated from the inventory file for any needed changes. The location codes for these vehicles were not changed in FLAIR as the FLAIR location codes were correct, the inventory file was incorrect.

The Department will provide additional training to property delegates on November 18, 2014, to include proper scanning procedures, and timely and sufficient recording of property items. The Department will also enhance the Property Management Report form No. 350-010-06, and enhance the Tangible Personal Property procedure No. 350-090-310 to ensure property records are accurate and updated timely.

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

**FLORIDA DEPARTMENT OF TRANSPORTATION**  
**6-month Follow-up to the Office of the Auditor General**  
**Operational Audit- Department of Transportation**  
**Commission for the Transportation Disadvantaged,**  
**Road Ranger Service Patrol Program, and Selected Administrative Activities**  
**Report No. 2015-058**

**Finding No. 19: Tangible Personal Property-The Department did not always timely remove Florida Accounting Information Resource Subsystem (FLAIR) access privileges upon an employee's separation from Department employment.**

Controls over employee access to FLAIR are necessary to help prevent and detect any improper or unauthorized use of FLAIR. Accordingly, FLAIR access should be promptly revoked when employees separate from Department employment or are reassigned to positions no longer requiring FLAIR access.

Department policies and procedure required supervisors to notify the Department's FLAIR Security Coordinator when an employee separated from the Department, and the FLAIR Security Coordinator to immediately remove the former employee's FLAIR access privileges. Also, on a weekly basis, the FLAIR Security Coordinator was responsible for monitoring a terminated employee listing to identify FLAIR users for whom access should be deleted. All Financial Services Managers in the Department's districts and Office of the Comptroller were to perform monthly reviews of active FLAIR access control records. Any active FLAIR user access identified for employees who had separated from Department employment was to be immediately placed in delete status.

We examined FLAIR access records for 153 FLAIR users who separated from Department employment during the period July 2012 through February 2014. Our examination disclosed that user access privileges were not always timely deleted. Specifically, we noted that:

- The FLAIR access privileges for 22 former employees were still active as of February 28, 2014, although the employees' had separated from Department employment 5 to 356 business days (an average of 194 business days) previously. Department Management indicated that, as of February 28, 2014, actions had been initiated to remove FLAIR access privileges for the 22 former employees.
- The Department did not delete the FLAIR access privileges for 94 other former employees until 2 to 44 business days (an average of 11 business days) after the employees' separation dates.

Our review of FLAIR user access records disclosed that none of the former employees created any FLAIR transactions subsequent to their separation from Department employment; however, absent timely deletion of unnecessary access privileges, the risk is increased that unauthorized FLAIR use may occur. Subsequent to our audit inquiries, Department management indicated that Department procedures were being revised to further delineate the roles and responsibilities related to FLAIR access maintenance and to provide for additional follow-up actions when FLAIR access is not timely deleted upon an employee's separation from Department employment.

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**Recommendation:** We recommend that the Department management ensure that FLAIR access privileges are timely removed upon an employee's separation from Department employment.

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**Audit Response:** As of February 28, 2014, actions had been initiated to remove FLAIR access privileges for 22 former employees. Due to the retention characteristics of the access control history file we requested from the Department of Financial Services (DFS), which provides a record of the access removal transactions, the history transactions for the 22 former employees had been purged. As a note, when we remove system accesses for separated employees we record the removal date in the Department's Automated Access Request Form (AARF) system. The dates entered in the AARF system for 22 employees were prior to February 28, 2014. Additionally, we reconfirmed in November 2014 that access records for these employees do not exist in FLAIR.

To address the timeliness of FLAIR access removal upon an employee separation from the Department, the Office of Comptroller (OOC) has requested a modification to the AARF system to receive notification (via email) when the termination request is entered, rather than at the end of the workflow after all Department approvals have been completed. This project is currently undergoing requirements confirmation, with a scheduled target completion date to be determined after this confirmation process. This change will allow FLAIR access removal to be completed on, or before, the employee's separation date.

To mitigate the risk that employee separations will not be entered timely into AARF, OOC will continue to access the People First data warehouse for employee separation information every week. The weekly report will allow for the removal of FLAIR access within 2 to 5 days of the employees separation. If OOC has not received notification of the termination prior to identifying the employee on the Termination Report, an email will be sent to the Supervisor's Supervisor stating the need to process the request for termination by the employee's termination date. Recurring violations of the FLAIR access procedure will be dealt with accordingly.

**6-month Follow-up Response:** We anticipate the AARF application redevelopment to be completed and implemented prior to the state fiscal year ending June 30, 2015. Upon implementation, the OOC will be notified upon submission of the termination requests. The timing of the notification will increase the efficiency with which FLAIR access is removed for separated employees.