

FLORIDA DEPARTMENT OF TRANSPORTATION  
OFFICE OF INSPECTOR GENERAL



Stephanie C. Kopelousos  
Secretary

Joseph K. Maleszewski  
Interim Inspector General

ANNUAL REPORT  
FISCAL YEAR 2007-2008



## *Florida Department of Transportation*

CHARLIE CRIST  
GOVERNOR

605 Suwannee Street  
Tallahassee, FL 32399-0450

STEPHANIE C. KOPELOUSOS  
SECRETARY

September 12, 2008

Stephanie Kopelousos  
Secretary of Transportation  
Florida Department of Transportation  
605 Suwannee St., MS 57  
Tallahassee, Florida 32399-0450

Dear Secretary Kopelousos:

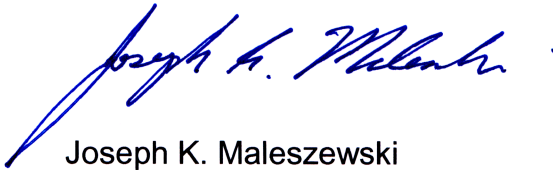
I am pleased to submit our Annual Report on the activities of the Office of Inspector General for the fiscal year ended June 30, 2008, as required by Section 20.055(7), Florida Statutes. I am also pleased to report that we accomplished our goals for the year. Particularly noteworthy was the identification of over \$9.7 million in questioned costs, recoveries and cost avoidance.

The value and services of the OIG can never be fully reflected in an annual report. The tangible results such as cost covered, dollar impact, recoveries made, employees disciplined or individuals convicted can be readily reported. However, our intangible services and deterrent effect are not evident in an annual report. As you read this report, I hope you will recall the broad spectrum of our services and the professional OIG team that provides these services.

The Annual Work Plan portion of the report includes planned projects for the current year and our projected activities for the next two fiscal years. Our Work Plan is risk-based to provide the most effective coverage of the department's programs, processes, systems, and contracts with outside entities. Our risk analysis is based on input from key department managers and a risk assessment performed by OIG staff. The activities outlined in our Work Plan address the major operations of the department and optimize the use of our resources. Members of senior management requested many of the planned activities. We have retained approximately 10 percent of our time for special projects including those you may request.

We look forward to working with you and our fellow department employees in meeting the challenges and opportunities that face the department. With your approval, we will implement the Work Plan for fiscal year 2008-2009. Thank you for your continued support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joseph K. Maleszewski". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Joseph K. Maleszewski  
Interim Inspector General

Approved

A handwritten signature in blue ink, appearing to read "SKopel". The signature is cursive and includes a horizontal line underneath the name.

Stephanie C. Kopelousos  
Secretary of Transportation

# Table of Contents

INTRODUCTION .....	3
ORGANIZATION & STAFF.....	4
SUMMARY OF MAJOR ACTIVITIES .....	9
AUDIT.....	10
CONSTRUCTION AUDIT .....	12
CONSULTANT AUDIT .....	14
FINANCIAL AUDIT .....	18
INFORMATION TECHNOLOGY AUDIT .....	20
PERFORMANCE AUDIT .....	23
PUBLIC TRANSPORTATION & UTILITIES AUDIT.....	25
AUDIT RECOMMENDATION AND FOLLOW-UP .....	29
PROCEDURE REVIEWS .....	30
INVESTIGATIONS .....	32
ANNUAL WORK PLAN .....	40
OIG CONTACT INFORMATION.....	47

Section 20.055, Florida Statutes, established the Office of Inspector General within each state agency to provide a central point for coordination of, and responsibility for activities that promote accountability, integrity and efficiency in government.

This Annual Report is presented to the Secretary to comply with statutory requirements and to provide departmental staff and interested parties with information on the Office of Inspector General's progress in accomplishing its mission as defined by Florida law.

# INTRODUCTION

The Office of Inspector General's (OIG) mission is to promote integrity, accountability and process improvement in the department. The OIG conducts independent and objective audits, investigations and reviews of agency issues and programs in order to assist the department in accomplishing its mission.

*Vision: To be key and indispensable to the department's team, championed by our customers, benchmarked by our counterparts, dedicated to excellence in our products and services.*

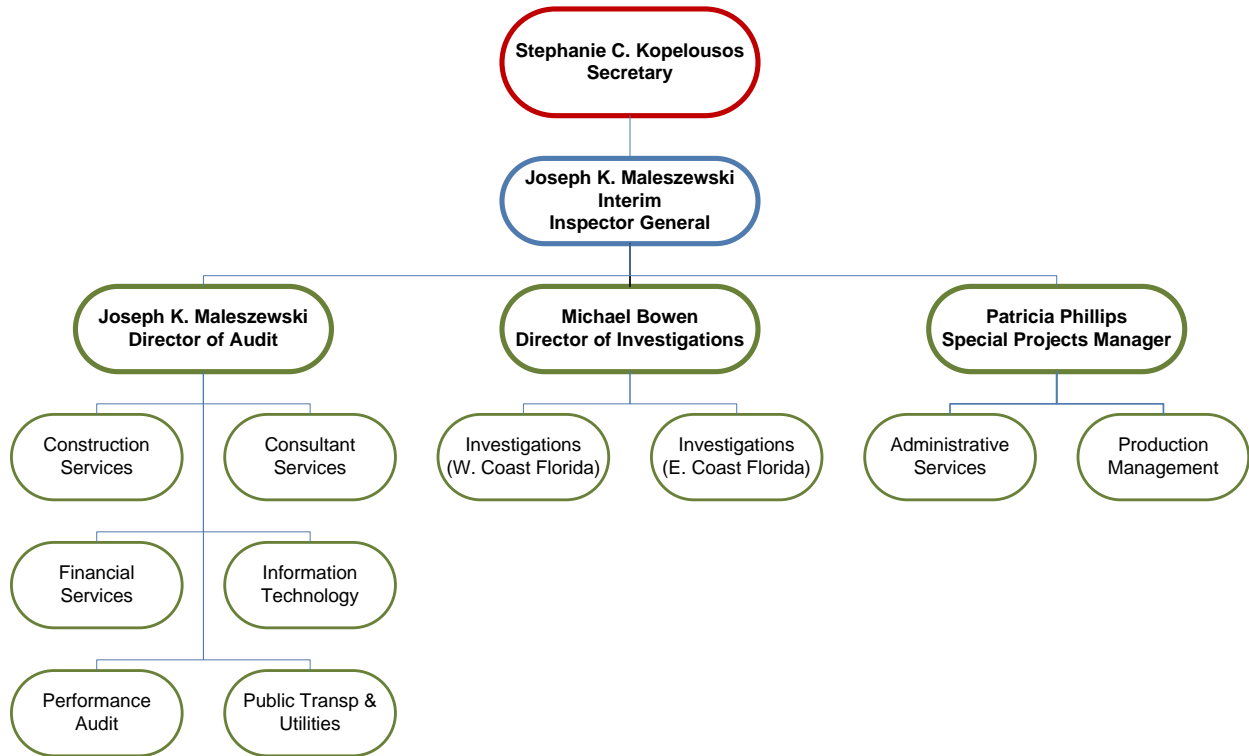
*Values: Integrity, Respect, Excellence, Teamwork and Accountability*

## OIG Duties & Responsibilities

- Providing direction for and coordinating audits, investigations and management reviews relating to the programs and operations of the agency.
- Promoting economy and efficiency in the administration of programs and operations and preventing and/or detecting fraud and abuse.
- Recommending corrective action concerning fraud, abuses, weaknesses and deficiencies and reporting on the progress made in implementing corrective action.
- Reporting expeditiously to the Department of Law Enforcement, or other law enforcement agencies, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Advising in the development of performance measures, standards and procedures for evaluating agency programs; reviewing actions taken by the agency to improve performance to meet program standards.
- Ensuring an appropriate balance is maintained between audit, investigative and other accountability activities.

# ORGANIZATION & STAFF

The inspector general is statutorily required to and does report directly to the Secretary. The OIG has three main operating functions: Audit, Investigations and Special Projects. The office is structured as shown in the chart below.



## **OIG Staff Qualifications**

Expertise within the OIG covers a variety of disciplines. Employees are technically qualified in auditing, accounting, investigations and information technology. Staff members continually seek to augment their credentials, further enhancing their abilities and contributions to the OIG and the department.

Additionally, staff members participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. The accomplishments of staff members obtaining certifications represent significant time and effort, reflecting positively on the individual as well as the department. The following table summarizes the most recognized professional certifications maintained by OIG staff.

### **OIG PROFESSIONAL CERTIFICATIONS**

Nine - Certified Internal Auditors

Seven - Certified Government Auditing Professionals

Six - Certified Public Accountants

Five - Certified Fraud Examiners

Five - Certified Inspector General Investigators

Three - Certified Information Systems Auditors

One - Certified Inspector General

One - Certified Business Manager

One - Certified Management Accountant

One - Certified Law Enforcement Analyst

One - Certified Information Systems Security Professional

## RECOGNITION

The OIG Employee of the Quarter recognizes the employee's contribution toward the mission of the OIG, which may include exceptional customer service or other significant contribution. All employees of the OIG, except the IG and Directors, are eligible to receive this award.

### **3<sup>rd</sup> Quarter 2007: Kris Sullivan, IT Audit Manager**

Kris is the manager of the Information Technology Unit. This unit performs information technology, compliance, operational audits and reviews of the department's systems and related processes. Kris routinely interacts with and is sought out by department management for his service and counsel. In part, Kris' nomination highlighted his management style as "leadership by example - he exhibits a positive attitude."

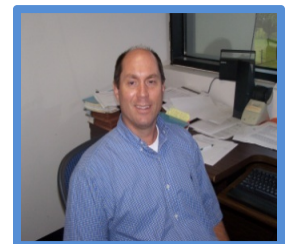


### **4<sup>th</sup> Quarter 2007: Stephanie Allen, Financial Services Auditor**

Stephanie is a member of the Financial Services Audit Unit. She is self-motivated and dependable. In part her nomination read "Stephanie always gives her best efforts to every assignment and delivers high-quality reports. She is a proven leader and mentor; she freely gives her time and advice to help other staff members improve their audit skills."

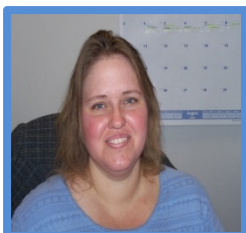
### **1<sup>st</sup> Quarter 2008: Tom Abney, Public Transportation & Utilities Auditor**

Tom is a senior member of the Public Transportation Audit Unit and also the OIG. This unit audits programs that have many varied requirements. Tom's technical expertise and dedication allows him to be assigned many projects with minimal supervision. To quote the nomination "Tom is dedicated to the department's core values of Integrity, Respect, Excellence and Teamwork. He works diligently to meet the OIG work plan and has demonstrated his commitment to the office and his coworkers."



### **2<sup>nd</sup> Quarter 2008: Annette Bailey, Administrative Assistant**

Annette works in the Special Projects. She is the training coordinator, administers our web-based training program and is the resident travel expert. To quote the nomination "Annette provides



outstanding support to the OIG staff. She performs her duties and responsibilities in a professional manner and is sympathetic to staffs needs. Her organization, dedication and people skills make her a pleasure to work with."



## **SECRETARY'S STAFF EMPLOYEE OF THE YEAR AWARD 2008**

Annually each division in the department recognizes one employee as Employee of the Year. The Secretary's Staff division includes the Secretary's administrative staff, and the offices of the General Counsel, Inspector General, Legislative Programs, Public Information and Federal Programs. The recipient must have been selected as a Work Unit Employee of the Quarter during the award year and must have made a significant contribution toward the Division's or department's mission.

Terry Rogers was selected as this years' Secretary's Staff Employee of the Year. To quote the nomination "Terry is one of the most senior audit staff in the Consultant Services Audit Unit with unequalled knowledge in Consultant Contract Attestations, CPA Work Paper Reviews and Accounting System Reviews. He has been invaluable in mentoring newer Consultant Service Audit staff – traveling with them into the field and reviewing their audit working papers and final reports. Terry has a positive, professional attitude and is relied upon to take on tough special assignments".



## DAVIS PRODUCTIVITY AWARD 2008

The Prudential - Davis Productivity Awards are made possible through the generosity of Prudential, as anchor sponsor, and the vision of the late J.E. Davis and A.D. Davis, co-founders of Winn-Dixie Stores Inc. and co-founders of Florida TaxWatch. Since 1989 the Davis Productivity Awards Program has publicly recognized and rewarded state employees and work units whose work significantly and measurably increases productivity and promotes innovation to improve the delivery of state services and save money for Florida taxpayers and businesses.

The 2008 awards competition attracted 489 nominations for innovations and productivity improvements worth \$322 million in cost savings, cost avoidances and increased revenue for state government. Over the past 19 years, award winners have posted a total of \$6 billion in added value for Florida taxpayers and businesses.

OIG Audit Director Joseph Maleszewski nominated Consultant Services Unit Manager Jeffrey Owens and auditor Terry Rogers for the 2008 Davis Productivity Award. They were awarded the Distinguished

Cash Award of \$1,750 for their audit work on two engineering consultant firms. Jeffrey and Terry's work significantly assisted the department in recovering over \$13 million from one engineering consulting firm and over \$5 million from another firm. The \$5 million plus recovery was due directly to Terry identifying an issue with an indirect cost rate calculation during one of his audits. The results of this audit impacted and were used by other state DOTs. This is a clear example of how our staff and our function provide value-added services to our agencies and Florida citizens.



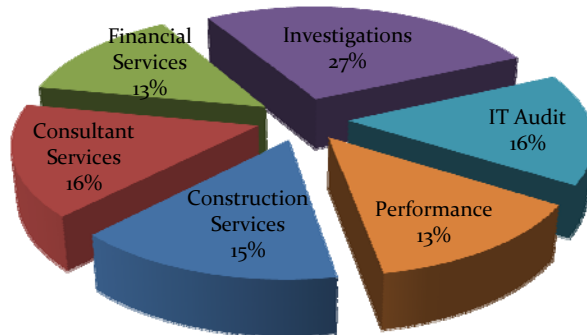
(Pictured left to right) Terry Rogers, Auditor;  
Joseph Maleszewski, Audit Director;  
Jeffrey Owens, Audit Manager

# SUMMARY OF MAJOR ACTIVITIES

During Fiscal Year (FY) 2007-2008, the OIG issued the following reports:

Section	Reports Issued	Dollar Impact
Construction Audit	6	\$ 41,416
Consultant Audit	23	\$5,291,230
Consultant Rate Reviews	369	\$2,000,000
Financial Audit	7	\$0
Information Technology Audit	18	\$0
Performance Audit	3	\$0
Public Transportation & Utilities Audit	9	\$2,179,746
Investigations	58	\$ 228,216
<b>TOTAL</b>	<b>493</b>	<b>\$9,740,608</b>

## Staff Resources



# AUDIT

The OIG audit function is divided into six functional units in accordance with the various audit services they provide. Their mission is to promote integrity, accountability and process improvement by providing objective, timely and value-added audit services. Each unit and the audit services they provide are described below:

- **Construction Audit Unit** performs compliance, operational and financial-related audits, attestations and reviews of the department's construction program, contracts, supplemental agreements and claims.
- **Consultant Audit Unit** performs compliance and financial-related audits, attestations and management reviews of professional services consultants. Project types include the consultant contracting process, consultant accounting systems, professional services contracts, other department contracts and agreements, rate audits and Certified Public Accountant (CPA) work paper reviews.
- **Financial Audit Unit** performs compliance, operational and financial-related audits and reviews of the department's financial systems and related processes.
- **Information Technology Audit Unit** performs information technology, compliance, operational audits and reviews of the department's systems and related processes. This unit also performs computer forensic and data mining services supporting both the completion of unit's assignments and other OIG assignments.
- **Performance Audit Unit** performs compliance, operational and financial-related audits and reviews of all department programs, performance measures and related processes.
- **Public Transportation & Utilities Audit Unit** performs compliance, operational and financial-related audits, attestations and reviews of the department's Public Transportation Programs, Railroads, Expressway Authorities, Seaports, Airports and Utilities. This unit is also responsible for coordinating, reviewing and assessing the department's compliance with the Florida Single Audit Act and the U.S. Office of Management and Budget Circular A-133 (Audits of States, Local Governments and Non-profit Organizations).

In addition to these services, the audit function also performs procedure reviews to ensure the department's Standard Operation System supports the goals, objectives, and mission of the department. Their primary concern is the presence of internal controls, evidence of an adequate audit trail and consistency of procedures throughout the department's Standard Operation System.

Detail regarding each audit unit and the services they provided for FY 2007-2008 will be provided in the sections to follow.

## CONSTRUCTION AUDIT

During FY 2007-2008 this unit issued six reports with audit coverage of \$12,135,136 and a dollar impact of \$41,416. Summaries of the Construction Audit reports are below.

### District Contract Modification Reviews

The purpose of these attestation services was to examine if there was sufficient documentation to support the fair and equitable value of contract changes and assess compliance with applicable policies, procedures and regulations.

#### District Contract Modification Review Summary

Report No.	District	Contract No.	Findings
08S-3003	1	T1173	Fair and equitable value was unsupported for \$97,844, which is less than one percent of the original contract amount. The contract modifications were processed in general compliance with department procedures. However, process and documentation issues were noted regarding extra work markups, classification of premium costs, labor burden rates, per diem and a draft settlement agreement. Management has taken actions to correct the issues noted.
08S-3002	2	T2097	The modifications appear to have been processed in general compliance with department guidelines. During the review, we recommended the consultant utilize consistent labor rates for the paving crew on all of the contract changes, resulting in a cost reduction of \$10,715.
08S-3006	3	T3080	Fair and equitable value was supported for this contract change. The contract modification was processed in general compliance with applicable department policies and procedures; however, the notice to proceed was issued one day prior to the encumbrance of funds. District Three management has acknowledged this issue and agreed to take corrective action as needed.
08S-3001	5	T5087	The contract modifications were processed in general compliance with department procedures. Fair and equitable value was supported for the work performed. However, process and documentation deficiencies were noted.
07S-3004	Turnpike Enterprise	E8F04	The contract modifications were processed in general compliance with department procedures. Fair and equitable value was not supported for \$15,689, due to misclassification of costs and inaccurate subcontractor markups. Documentation deficiencies were noted and are being addressed by management.
<b>Total Audit Coverage</b>		<b>\$11,900,061</b>	
<b>Total Dollar Impact</b>		<b>\$41,416</b>	*Estimated at one-third of payments with inadequate supporting documentation.

## **Solid Resources, Inc., Contract Review**

The purpose of this advisory service was to determine if contract deliverables were provided and tasks were conducted as required under the scope of services and to determine if invoices were paid in accordance with department procedures and applicable regulations. The department contracted with Solid Resources, Inc., to perform audit work related to the 2004 hurricane season emergency costs reimbursed by the Federal Highway Administration.

### **Results**

We determined that Solid Resources, Inc. did not meet or inadequately met six of 18 identified tasks. We recommend the Chief Safety Officer work with the Office of General Counsel, the Procurement Office and Executive Management to evaluate options for remedies related to the consultant's failure to perform work in accordance with the scope of services.

## CONSULTANT AUDIT

During FY 2007-2008 this unit issued 392 reports with a dollar impact of \$7,291,230. Summaries of some of the Consultant Audit activities are below.

### Consultant Contract Attestations

The purpose of the Consultant Contract Attestations was to determine whether costs billed to the department were accurate, reasonable, in accordance with contract provisions and in compliance with federal and state procurement requirements. Results were provided to district and central office officials to recover questioned costs and improve future contract negotiations.

#### Results

- The unit performed 5 attestations covering \$23.4 million.
- Recommendations were implemented to improve job cost accounting systems, which is vital for the accountability of incurred costs.

Consultant Contract Attestation Summary		
Report No.	Contract No.	Findings
140-8003	C8842, C8A48, C7875, & C8855	Premium overtime issue resulted in overbillings to the department and reimbursement of \$171,021
140-8005	N/A	Parking (department property) lease payments owed to the department in the amount of \$16,800
08C-3005	C8J07	Cost avoidance regarding amendment request not being justified for \$202,408
08C-5001	Several	See "Significant Consultant Rate Issue" as detailed below. Total amount repaid to the department \$4,877,795
140-6003	C7988	Follow-up of interest calculated on previous year questioned costs resulted in reimbursement to the department in the amount of \$23,206
<b>Total</b>		<b>\$5,291,230</b>



## **Significant Consultant Rate Issue**

The Consultant Audit section, responsible for monitoring the accuracy of consultant billings, implemented a risk-based evaluation of work performed by Certified Public Accountants (CPA) who are charged with auditing consultants costs to establish appropriate billing rates. The section's review of CPA work has identified inappropriate billing rates which have resulted in overcharges to the department.

The section conducted a specific review of the rate audit working papers prepared by a CPA for three engineering firm affiliates (one being a large national firm): for the year ended December 31, 2005. The purpose of this review was to determine if working papers supported the following areas in the rate audit report approved during the consultant's prequalification process:

- Independent Public Accountant Report and Disclosure Notes;
- Statement of Fringe Benefit Expenses;
- Statement of General & Administrative Expenses;
- Statement of Florida Direct Expense Rates; and
- Certain representations provided by the CPA on documents submitted for review.

The three affiliates contracted with an independent CPA firm to perform their annual rate audit. The purpose of the rate audit was to determine what the actual overhead, direct expense and Facilities Capital Cost of Money (FCCM) rates were for the year ended December 31, 2005. The audit was required by the department to maintain "unlimited qualified vendor" status in accordance with Rule 14-75, Florida Administrative Code.

Our review found weaknesses requiring revisions to the handling of direct overtime which resulted in significant rate reductions. The overtime errors along with unallowable travel costs caused a reduction to the audited home overhead rate, the audited field overhead rate, the audited home direct expenses rate, the audited field direct expense rate, and to the FCCM rate. Additional concerns with the CPA's rate audit report (approved during the prequalification process) included a lack of compliance audit tests required to support statements and conclusions in the CPA's report, and a deficiency in the CPA's Continued Professional Education (CPE) credits required under Government Auditing Standards.

A number of issues were encountered during our review included:

- For the year ended December 31, 2005, the original rate report included significant errors in direct overtime calculations. The errors were created when the CPA incorrectly removed straight overtime direct labor from the direct labor cost pool.
- The CPA had not conducted compliance audit tests necessary to support statements in the original rate report.

- For the two year cycle ended December 31, 2006, the CPA did not meet the CPE training requirements per Chapter 3.45 of the Government Auditing Standards (GAS) issued by the Comptroller General of the United States. It should be noted GAS was cited as criteria in the report under which the audit was conducted.

As the result of the OH issues, our office was involved in a number of other tasks related to the parent (and affiliates) engineering firm's continued qualification (vendor status) to do work for the department. Some of the accomplishments or tasks we completed from this assignment were:

- We developed the methodology for the determination of the settlement amount through September 30, 2007 (related to overstatement for multiple years) and reviewed the results. The amount has been determined and paid;
- We prepared a PowerPoint presentation regarding the rate issues and presented it to the AASHTO Internal and External Audit subcommittee in July 2007;
- We advised department management regarding the Letter of Understanding the parent firm executed, detailing the department's expectations of the firm to make necessary improvements to control weaknesses;
- We evaluated the firm's corrective action plan in February 2008; and
- We wrote a response letter (posted by AASHTO) informing our peer DOTs of our efforts and results related to these OH issues.

In conclusion, this matter was adequately settled for the department in the following manner:

- Annual rates were satisfactorily adjusted for 2000 through 2005;
- The engineering firm repaid the department \$4,877,795 for overbillings covering all contracts for May 1, 2001 through September 30, 2007, and lump sum billings for October 1, 2007 and forward;
- Incorrect rates in active billing rate contracts were adjusted for services effective October 1, 2007 and forward (cost savings not determined);
- The firm was suspended for 90 days from pursuing new work with the department;
- The department required the firm to hire an independent forensic accounting expert to investigate how the problem occurred; and
- The OIG formally notified the CPA's State Board of Accountancy to be investigated concerning adherence to professional standards.

## Consultant Qualification Reviews

The purpose of the Consultant Qualification Reviews was to determine whether a consultant's accounting system are adequate to accumulate and record costs using a job cost method that allows for accurate department billings. Other reviews evaluate rate audit reports, CPA work papers and consulting firm self-certifications.

### Results

- Reviewed, approved and issued reports on 12 consultant accounting systems.
- Performed three CPA work paper reviews.
- Reviewed 44 consultant self-certifications.
- Established 14 provisional rates for consulting firms.
- Reviewed 369 consultant rate audit reports. These reviews resulted in a total of \$23 million of reported costs being reduced. The adjustments will result in significant savings to the department in future contracting. The annual savings from these adjustments is estimated to be in excess of \$2 million. Adjustments for bonuses and other costs on rate audits resulted in a reduction of \$3 million to the overhead costs and \$20 million to the direct expenses.

369 rate audits reviewed  
\$23 million questioned from the  
consultants' cost pools

Questioned costs resulted in a  
reduction of the audited rates that  
will be used on future contracts  
leading to significant savings –  
estimated to be in excess of \$2  
million annually.

## FINANCIAL AUDIT

During FY 2007-2008 this unit issued seven reports with audit coverage of \$13,900,000. Summaries of some of the Financial Audit reports are below.

### **Research Center Contracts (07F-0010)**

The purpose of this audit was to provide an assessment of the department's research contracting. We reviewed the Research Center's contracting activities to evaluate the adequacy of research contracting processes and assess performance of selected contracts.

#### **Results**

The Research Center's contracting processes and contracts appear to be performing adequately and in accordance with department policies and procedures. The Research Center has developed a well-respected research program and continues to improve processes to meet department and researchers' needs. The Research Center staff should be recognized for their efforts and accomplishments achieved.

We recommended the Research Center:

- Use the noncompetitive Request for Proposal process, where appropriate;
- Use cost reimbursement contracts for research projects where reliable cost estimates are unavailable and scopes are not well defined;
- Coordinate with the Office of Information Systems (OIS) to develop and implement a web-based project management system; and
- Evaluate staffing needs with appropriate management.

In addition, we recommended the Research Center:

- Clearly document the rationale for project funding decisions with an emphasis on ensuring the department's needs remain a priority; and
- Task appropriate department staff to quantify the cost and/or benefits of implementing research project recommendations.

The Research Center management agreed with all the findings and recommendations and is taking or will take action to address the issues identified.

## **Motor Carrier Compliance Office Penalty Collection Process (07F-0008)**

The purpose of this audit was to evaluate the internal controls for the Motor Carrier Compliance Office's (MCCO) penalty collections process. This audit was performed as part of the Office of Inspector General's annual risk-based work plan.

### **Results**

We determined that the MCCO's accounts receivable balances were accurate. Payments received were properly safeguarded and timely deposited. Procedures for collection of overdue accounts receivable were adequate and in accordance with the Florida Administrative Code. No significant deficiencies or material weaknesses in internal controls over the collection process were noted.

Overall the MCCO penalty collections process appears to be operating effectively and controls are adequate.

## INFORMATION TECHNOLOGY AUDIT

During FY 2007-2008 this unit issued 18 reports with audit coverage of \$1,630,000. Summaries of some of the Information Technology Audit activities are below.

### Computer Forensic Services

The purpose of the Information Technology Resource (ITR) compliance reviews are to determine if Florida Statutes, department rules and department procedures concerning the use of ITR were followed. Management used these reports to take personnel actions ranging from counseling sessions to terminations summarized in the table below.

Information Technology Compliance Review Summary		
Report No.	ITR Misuse	Outcome
07I-3009	ITR – non-business related	Disproved
07I-3011	ITR – inappropriate sites	Proved
08I-3001	ITR – non-business related	Disproved
08I-3002a	ITR – email review	Disproved
08I-3002b	ITR – email review	Disproved
08I-3004	ITR – inappropriate sites	Proved
08I-3005a	ITR – non-business related	Proved
08I-3005b	ITR – non-business related	Proved
08I-3006	ITR – inappropriate sites	Disproved
08I-3008	ITR – non-business related	Referred to OIG – Investigations
08I-3010	ITR – non-business related	Referred to OIG – Investigations
08I-3011	ITR – non-business related	Referred seven (7) individuals to OIG Investigations Section, all cases proved.
08I-3013	ITR – inappropriate sites	Proved
08I-3017	ITR – inappropriate sites	Proved
08I-3003a	Computer Forensic Service external to DOT	Referred to DFS
08I-3012	Computer Forensic Service external to DOT	Closed due to insufficient evidence
08I-3003b	Computer Forensic Service external to DOT	Referred to DFS
08I-3007	Computer Forensic Service external to DOT	Referred to DOC

We conducted 14 ITR Compliance Reviews and four (4) Computer Forensic Services external to the department, these reviews in aggregate covered activities of 23 individuals. The table below lists the ITR projects for FY 2007-2008. Additionally the computer forensic section reviewed and responded to requests concerning appropriate ITR use, and Internet Hoaxes.

### **Chief Inspector General Information Technology Inquiry**

The purpose of this review was to assess and compile information concerning the department's ability to detect and review security related issues. This request was from the Governor's Chief Inspector General's Office. The results of this review are confidential.

### **End User Application Development (07I-1003)**

The purpose of this engagement was to review the department's use of end user application development practices and controls. Five areas of improvement were identified: Governance; End user application development policy and procedures; end user system development methodology; application initiation and approval; and software acquisition.

### **Employee Corporate Connections (08I-2003)**

The purpose of this data mining engagement was to identify department employees that were listed as officers in the Department of State's Division of Corporations (DOC) Database. A match could indicate an increased risk for the employee to misuse department time and resources for personal gain or could constitute a conflict of interest. We identified 263 employees whose last name, street address and city matched between the department's personnel databases and the DOC database. We reviewed 27 employees and determined that there was no indication of abuse or conflict of interest, except in one case. This one case was referred for investigation and was considered proved. Department management took action on this investigation.

Additionally, seven other data mining engagements were conducted, including: a review of the departments Internet history data; an update to the OIG's "How-to Knowledge Base"; a limited review of the department's SunPass P-Card transactions; and four other data mining assistance projects to other OIG units.

## **Presentations and Training**

Three new presentations and one article were developed by the IT Audit Unit for internal and national training purposes. These include:

- “Information Technology Auditing” – a two hour presentation and course curriculum developed for *Certified Inspector General Auditor* certification course sponsored by the *Association of Inspectors General*.
- “Know your Data” – a one hour presentation designed to help auditors understand data and its uses.
- “Survey Says” – a one hour presentation designed to help auditors develop and use online surveys.
- “Have you Ever?” – was an article written for the department’s Computer Security Newsletter. The purpose of the article was to inform users of appropriate use of the department’s ITR resources, and to create a deterrent effect on inappropriate use.



## **PERFORMANCE AUDIT**

During FY 2007-2008 this unit issued 3 reports and participated in drafting the AASHTO Public Private Partnership Audit Guide. Summaries of some of the Performance Audit activities are below.

### **2007 Performance Measures Assessment (08P-0001)**

The purpose of this engagement was to assess the reliability and validity of four performance measures for FY 2007-2008, as reported in the department's Long Range Program Plan dated September 30, 2007. We also assessed the reliability of FY 2006-2007 actual performance data reported in the Long Range Program Plan for the four measures. The four measures were:

- Ratio of transit ridership growth to population growth;
- Number of one-way trips provided (transportation disadvantaged);
- Average cost per requested one-way trip for transportation disadvantaged; and
- Number of motor vehicle fatalities per 100 million miles traveled.

#### **Results**

We concluded three of the four performance measures reviewed were valid. The data used to calculate the Average Cost Per "Requested" One-way Trip is based on the number of one-way trips "provided." We recommend the performance measure title be changed to Average Cost Per "Provided" One-way Trip. In addition, we determined there are sufficient controls in place for the four performance measures reviewed to give reasonable assurance the data is accurate and reliable.

### **Succession Planning (08P-0004)**

The purpose of this engagement was to assess the impact of an aging workforce on the Florida Department of Transportation. The assessment focused on employees eligible to retire in the next five years and employees currently in Deferred Retirement Option Plan (DROP). The department's annual retirement rates are comparable to federal rates and appear stable. However, 35 percent of the department's statewide managerial level staff and 40 percent of Central Office's managerial staff are either eligible to retire within five years or are in DROP.

#### **Results**

Our analysis of total department employees indicates the department's annual retirement rates are comparable to federal rates and appear stable. However, our assessment of managerial level staff identified 238 of 670 (35 percent) who are either eligible to retire within five years or are in DROP.

## **AASHTO Public Private Partnership Audit Guide Task Force**

The purpose of this assignment was to participate in the American Association of State Highway and Transportation Officials (AASHTO) Public Private Partnership (PPP) Guide Task Force to develop an audit guide for PPP projects. The purpose of the guide is to provide a tool for auditors and financial managers' use in the stewardship and oversight of PPP projects, throughout a project's life cycle.

### **Results**

A draft guide was presented at the annual AASHTO conference in July 2008, for review and discussion by AASHTO participants. The guide is divided into eleven sections: 1) Enabling Legislation; 2) Plans, Goals and Objective; 3) Oversight and Administration; 4) Specifications; 5) Procurement; 6) Selection and Negotiation; 7) Contract Development; 8) Implementation; 9) Operation; 10) Maintenance 11) Completion. Our performance audit section wrote three of the sections including Contract Development, Operation, and Maintenance. The task force committee will continue to improve and refine the guide during the upcoming fiscal year.

## **PUBLIC TRANSPORTATION & UTILITIES AUDIT**

During FY 2007-2008 this unit issued nine reports with a dollar impact of \$2,179,746. Summaries of some of the Public Transportation & Utilities Audit activities are below.

### **Titusville-Cocoa Airport Authority (06T-6102)**

The purpose of this engagement was to conduct an examination of an Agreement between the department and the Titusville-Cocoa Airport Authority. The Agreement was for the construction of a corporate aviation terminal building at the Titusville-Cocoa Airport.

#### **Results**

The examination identified the Titusville-Cocoa Airport Authority had submitted reimbursements for costs that were not incurred; supporting documentation asserted the project was 48 percent complete when work had not begun; and invoiced costs did not comply with the terms of the Agreement resulting in disallowed costs of nearly \$1,700,000. The Titusville-Cocoa Airport Authority returned \$1,417,645 to the department. The project was forwarded to the OIG Investigative Section for potential illegal activity.

### **CSX Transportation Segment 5 (06T-1201)**

The purpose of this engagement was to review and analyze costs billed by CSXT. The Department tasked the Office of General Counsel with determining the validity of a \$62 million claim filed against the South Florida Regional Transportation Authority (SFRTA) by Tri-County Rail Constructors (TCRC). The Office of General Counsel reviewed the claim and asked the OIG for assistance with reviewing invoices submitted by CSX Transportation (CSXT) to TCRC. In response to the Office of General Counsel's request, we reviewed and analyzed costs billed by CSXT.

Issues identified during our examination included:

- coding errors resulting in overtime wage rates being charged as regular wage rates and regular wage rates being charged as overtime wage rates;
- labor charges that exceed 24 hours in a single day;
- excessive vehicle rental costs;
- expense charges billed for personnel who did not work on the project;
- lack of supporting documentation for expense charges;
- unallowable expense charges; and
- double billing of some expense charges.

Our examination disclosed that, although in compliance with TCRC contract terms, some costs invoiced by CSXT were unreasonable and unallowable under Federal Acquisition Regulations. As a result, we recommend CSXT refund \$289,981 to SFRTA.

### **SFRTA Project Management – Advisory Memorandum (07T-1102)**

In conjunction with the CSX Transportation Segment 5 – Tri-Rail Double Track Project Costs (06T-1201) audit we issued a report on the South Florida Regional Transportation Authority's (SFRTA) project oversight. The issues noted in Attestation Report No. 06T-1201 resulted in part from failure to:

- provide adequate contract and project management oversight;
- enforce the contract provision requiring reasonable and diligent cost saving efforts;
- control costs through adequate invoice review; and
- require adequate supporting documentation.

The purpose of this memorandum was to inform Department management of contract management oversight practices in order to prevent future cost over-runs on rail corridor projects.

### **OTHER ASSIGNMENTS**

- Issued four reviews monitoring the efforts of district program manager's compliance with Florida's Single Audit Act;
- Audited the Department's Indirect Cost Allocation Rate resulting in a \$762,101 cost impact;
- Conducted financial statement compilations for the Santa Rosa Bay Bridge Authority and the Northwest Florida Transportation Corridor Authority.

### **SINGLE AUDIT COMPLIANCE**

The Federal Single Audit Act, OMB Circular A-133, and the Florida Single Audit Act, 215.97 F.S., sets forth standards for achieving consistency and uniformity for audits of entities expending federal awards and state financial assistance. Activities for this function included:

- **Single Audit System** - This system automates the process used to collect information and perform work required for compliance with the Federal and Florida Single Audit Acts. In FY 2007-2008, we worked with the Information Systems Office to implement system updates to make the system more efficient and user-friendly. Along with reviewing and monitoring checklists that have been completed in the system, we can now run reports of what has not been done and send them out annually to each district liaison or upon request.

- **Compliance Reviews** - Recipients of state and federal financial assistance are required to have independent Certified Public Accountant audits conducted to ensure funds are spent as intended. Department program managers are responsible for reviewing these audits and ensuring compliance with Single Audit requirements.
- **Department Liaison** - Throughout the year, we provided assistance to the department Comptroller and approximately 90 department Program Managers responsible for managing state and federal awards to ensure compliance with Single Audit requirements. We provide district personnel and contract recipients' assistance on a wide variety of issues relating to the interpretation and application of both State and Federal Single Audit requirements. We coordinate with the Chief Inspector General, the State Chief Financial Officer, the Auditor General, and other state agencies to resolve Single Audit issues.
- **Training** - Throughout the year we provide training to central office and district personnel on use of the automated system and Federal and Florida Single Audit requirements. A key element of our liaison work is the publication of the Single Audit News. The purpose of this quarterly publication is to provide useful information to the department's program managers.
- **District Compliance Reviews** - The purpose of these advisory memorandums was to determine if the districts complied with the department's Federal and Florida Single Audit Act Procedure. This procedure incorporates the requirements of the United States Office of Management and Budget Circular A-133; the Florida Single Audit Act, Section 215.97, F.S.; and Rules of the Auditor General Chapters 10.550 Local Governmental Entity Audits, 10.650 Florida Single Audit Act Audits - Nonprofit and For-Profit Organizations, and 10.700 Audits of Certain Nonprofit Organizations.

## District Compliance Review Summary

Report No.	District	Findings
08T-3005	4	The OIG completed a Single Audit Compliance Review of District Four for the fiscal years ended 2005 and 2006. Our review determined that Program Managers did not always comply with the Single Audit procedure. Single audit contract language in recipient contracts was either outdated or non-existent; the Florida Single Audit Act Automated System is not being used exclusively; the financial reporting packages are not always timely reviewed; and FLAIR payments and recipient expenditures are not adequately reconciled.
08T-3007	5	The OIG completed a Single Audit Compliance Review of District 5 for the fiscal year ended 2006 (12 contract files). Our review determined that Program Managers complied with the Single Audit procedure. Single audit contract language in recipient contracts is current. FLAIR payments and recipient expenditures are reconciled and the Program Managers are appropriately using the Florida Single Audit Act Automated System.
08T-3006	6	The OIG completed a Single Audit Compliance Review of District Six for the fiscal years ended 2005 and 2006. Our review determined that Program Managers did not always comply with the Single Audit procedure. Single audit contract language in recipient contracts was either outdated or non-existent; the Florida Single Audit Act Automated System is not being used exclusively; the financial reporting packages are not always reviewed timely; and FLAIR payments and recipient expenditures are not adequately reconciled.
08T-3004	7	The OIG completed a Single Audit Compliance Review of District Seven for the fiscal years ended 2005 and 2006. Our review determined results for the fiscal year ended 2005 are consistent with the Auditor General's annual audit of state and federal awards. The review for fiscal year ended 2006 demonstrated significant improvement reflecting the efforts of Program Managers to correct deficiencies and more fully comply with the single audit procedure.

## AUDIT RECOMMENDATION AND FOLLOW-UP

Section 20.055, Florida Statutes, requires the identification of each significant recommendation described in previous annual reports on which corrective action has not been completed. We will continue to follow-up on these outstanding items biannually until all corrective actions have been completed.

### Audit Recommendation And Follow-Up Summary

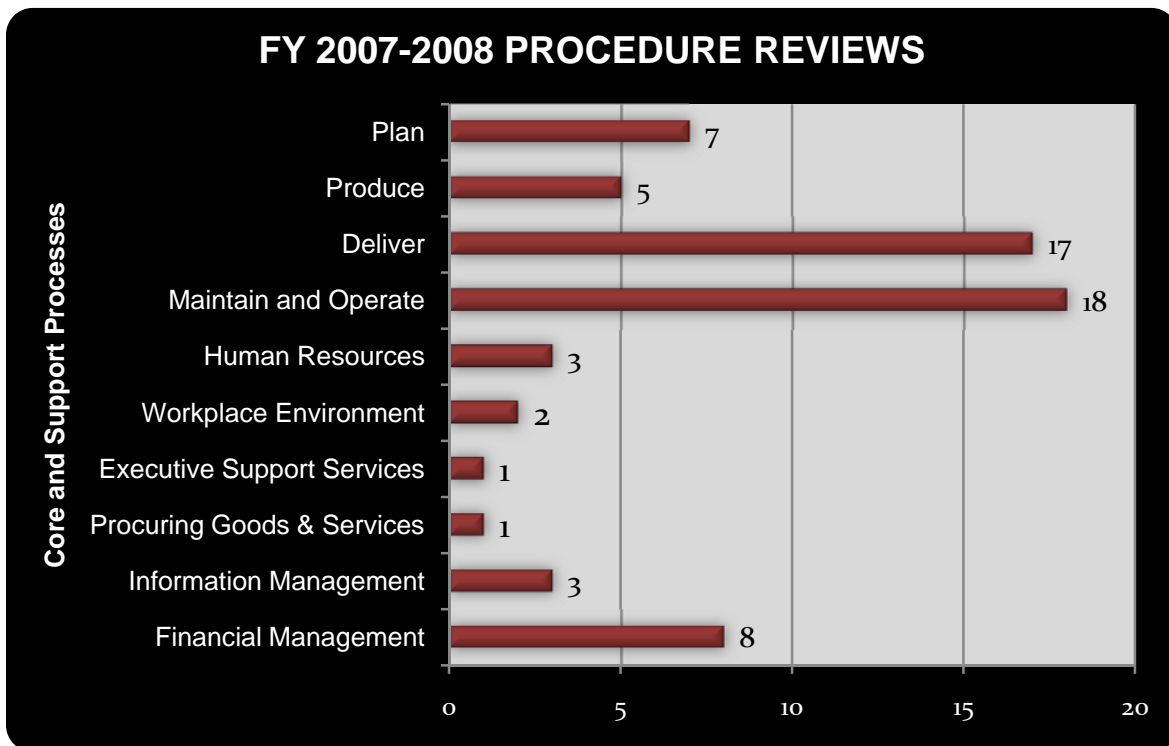
Report No.	Title	Issued by
05I-0002	Central Office Anti-Virus	OIG
162-6049	Traffic Accident Damage Reimbursement Process	OIG
2008-141	Federal Awards Program 2006-2007	Auditor General
Ref: HDA-FL	Indirect Cost Allocation Plan	FHWA

## PROCEDURE REVIEWS

The purpose of procedure reviews is to ensure that accountability and process improvements are addressed in department procedures. A properly conducted review provides management assurance that:

- The intent of the document is clearly identified;
- The procedure is clear, concise, well written and functional;
- The associated documents are appropriately cited and referenced; and
- The procedure identifies, communicates and prioritizes desired outcomes of the process.

In FY 2007-2008, we reviewed a total of 65 procedural documents including policies, procedures, manuals and specifications. The chart below shows the distribution of the procedural reviews.





## Reports Published To The Internet FY 2007-2008

Date Issued	Title	Report No.
07/12/07	<a href="#"><u>Indirect Cost Allocation Rates for 07/08 Based On FY 05/06</u></a>	07T-2003
07/23/07	<a href="#"><u>Motor Carrier Compliance Office Penalty Collection Process</u></a>	07F-0008
08/24/07	<a href="#"><u>Contract Review - Target Engineering Group, Inc.</u></a>	07F-0012
09/17/07	<a href="#"><u>Local Agency Program (LAP)</u></a>	07P-0002
09/24/07	<a href="#"><u>District Two Contract Modification Review - Contract No. T2097</u></a>	08S-3002
10/16/07	<a href="#"><u>Turnpike Enterprise Contract Modification Examination – Contract No. E8F04</u></a>	07S-3004
11/01/07	<a href="#"><u>Fringe Benefit Rates for FY 2007-2008 Based on FY 2006-2007</u></a>	08F-0006
11/29/07	<a href="#"><u>Titusville-Cocoa Airport Authority</u></a>	06T-6102
12/17/07	<a href="#"><u>Research Center Contracts</u></a>	07F-0010
12/27/07	<a href="#"><u>District Five Contract Modification Examination - Contract No. T5087</u></a>	08S-3001
01/29/08	<a href="#"><u>2007 Performance Measures Assessment</u></a>	08P-0001
03/10/08	<a href="#"><u>Single Audit Compliance Review - District Five</u></a>	08T-3007
03/13/08	<a href="#"><u>Single Audit Compliance Review - District Six</u></a>	08T-3006
03/21/08	<a href="#"><u>Cellular Telephone Monitoring</u></a>	07F-0011
03/24/08	<a href="#"><u>NW FL Transp. Corridor Authority F.S. Compilation-Years Ended 06 &amp; 07</u></a>	08T-8001
03/27/08	<a href="#"><u>Single Audit Compliance Review - District Four</u></a>	08T-3005
04/28/08	<a href="#"><u>Single Audit Compliance Review - District Seven</u></a>	08T-3004
05/02/08	<a href="#"><u>Cashier's Office - Evaluation of Internal Controls</u></a>	08F-0007
05/19/08	<a href="#"><u>District Three Contract Modification Examination - Contract No. T3080</u></a>	08S-3006
06/05/08	<a href="#"><u>Succession Planning</u></a>	08P-0004
06/10/08	<a href="#"><u>Solid Resources Contract Review</u></a>	08S-1003
06/12/08	<a href="#"><u>District One Contract Modification Examination</u></a>	08S-3003

# INVESTIGATIONS

The mission of the Investigations Section is to deter, detect and investigate internal and external fraud, misconduct or crimes impacting the Florida Department of Transportation.

The focus of the Investigations Section is to pursue aggressively any attempt by department employees, contractors, vendors or the public to gain benefit to which they are not entitled. Investigations, along with Fraud and Misconduct Awareness Briefings are the primary methods used to accomplish this objective. In addition, active tracking of complaints referred to senior management compliments this effort. Investigations Section follows the *Principles and Standards for Offices of Inspector General* established by the Association of Inspectors General.

During FY 2007-2008, the Investigations Section serviced 51 investigative inquiries, opened 43 new investigations, referred 23 allegations to the senior district management and conducted 14 Fraud and Misconduct Awareness Briefings to 576 district employees and 55 industry partners.

<b>Investigations Section Activity Summary</b>	
Inquiries	51
Cases Opened (Full Investigative Report)	43
Cases Closed	59
Cases with Substantiated Allegations	28
Complaints Referred to Senior District Management	23
Referred to Other Entities	1
Criminal Investigation or Worked Jointly with Law Enforcement	13
Criminal Convictions	5
Disciplinary Actions Resulting From Cases	10
Fraud and Misconduct Awareness Briefings	14
Dollar Impact (Recoveries/Restitutions)	\$228,216

## **CONTRACT FRAUD - HIGHLIGHTED CASES**

Summaries of some of the contract fraud cases are below:

### **Cone Constructors, Inc. – False Certifications**

This investigation was initiated based on allegations that Cone Constructors Inc. falsified certifications in regards to making their pro-rata disbursements to subcontractors, suppliers and vendors. The investigation disclosed that the CFO and President of Cone Constructors were not making their pro-rata disbursements yet they still submitted certifications to the department that they had.

#### **Results**

- The Chief Financial Officer was convicted of a felony for Organized Scheme to Defraud, was sentenced to nine months in jail and restitution of \$20,000.
- The President was convicted of a felony for Organized Scheme to Defraud, was sentenced to five years in State Prison and restitution of \$263,000.
- The company was convicted of a felony for Organized Scheme to Defraud.

### **Calhoun Enterprises – False Certifications**

This investigation was initiated based on allegations that Calhoun Enterprises provided false information to the department regarding the certifications of a Worksite Traffic Safety Supervisor. The investigation disclosed that the President and Vice President of Calhoun Enterprises deliberately manufactured and submitted false America Traffic Safety Services Association certifications to the department regarding the qualifications of Worksite Traffic Safety Supervisors on various projects.

#### **Results**

- The Vice President pled guilty to a felony for Organized Scheme to Defraud and was sentenced to probation.
- The President was convicted of five felony counts for Organized Scheme to Defraud and Communications Fraud and was sentenced to probation with restitution of \$40,000.
- The President was convicted of Organized Scheme to Defraud and was suspended from department business for 15 years.

## Almar Metals – Defective Materials

The investigation was initiated after the Office of Construction (Construction), identified 59 active or completed department projects in which Almar was identified as a subcontractor. These 59 projects involved 26 different prime contractors. The subcontract amounts ranged from \$2,706 to \$281,313 in value and were located in every district including Turnpike. Random nondestructive testing done by the State Materials Office and outside consultants on 13 of the 59 projects in which Almar was a subcontractor identified that up to 100 percent of the anchor bolts installed by Almar were deficient in length, some as short a 2.25 inches instead of the required length of 14 inches.



*Nondestructive ultrasonic testing was used to verify whether the anchor bolts installed by Almar met department design specifications*

## Results

Almar entered into a voluntary stipulation with the department in which they:

- Agreed to refrain from subcontracting, bidding, or proposing a bid on any contract until certain milestones for testing and replacement of all anchor bolts not meeting applicable department specifications was met.
- Remediation activity is ongoing, monitored by the department and supervised by the prime contractors associated with each contract and the Office of Construction.

## **EMPLOYEE MISCONDUCT - HIGHLIGHTED CASES**

Summaries of some of the employee misconduct cases are below:

### **Misuse of Department Resources and Time**

This investigation was initiated based on allegations that a department Highway Maintenance Supervisor was misusing department resources and time. The investigation substantiated that the employee drove his assigned government vehicle to the home of a personal friend while on work time.

#### **Results**

- When confronted with the evidence of his misconduct the employee confessed.
- He was terminated from his position with the department.

### **ITR Misuse**

These investigations were initiated based on a proactive analysis of department IT records to identify and determine if employees were using department IT resources consistent with department policy. The IT analysis identified several department employees, seven of whom appeared to have misused department IT resources in conjunction with personal businesses. The investigation confirmed that each employee was operating a small travel business and had used either department e-mail or department web services in support of their travel business.

#### **Results**

- Of the seven employees identified, department action ranged from written counseling to suspensions.
- During one of the investigations, an employee was also identified to have misused his department vehicle during scheduled work hours. That employee was terminated from the department.

## **Fraud and Misconduct Awareness Briefings**

The Investigations Section continued its efforts to deter fraud and employee misconduct by delivering the fraud and misconduct awareness briefings to department and industry personnel. Investigators present this training around the state while completing their other case-related responsibilities. Since the program began in 1998, over 17,115 people have received fraud and misconduct awareness training.

## **Chief Inspector General's IG Accreditation Committee**

The Director of Investigations served on the committee designated to plan and implement actions to accredit the Inspector General investigative function.

## **Referrals and Outcomes**

Florida Statutes require Inspectors General to notify law enforcement authorities whenever a criminal law violation is believed to have occurred, per:

***Florida Statute 20.055 Agency inspectors general.-(6)(c)***

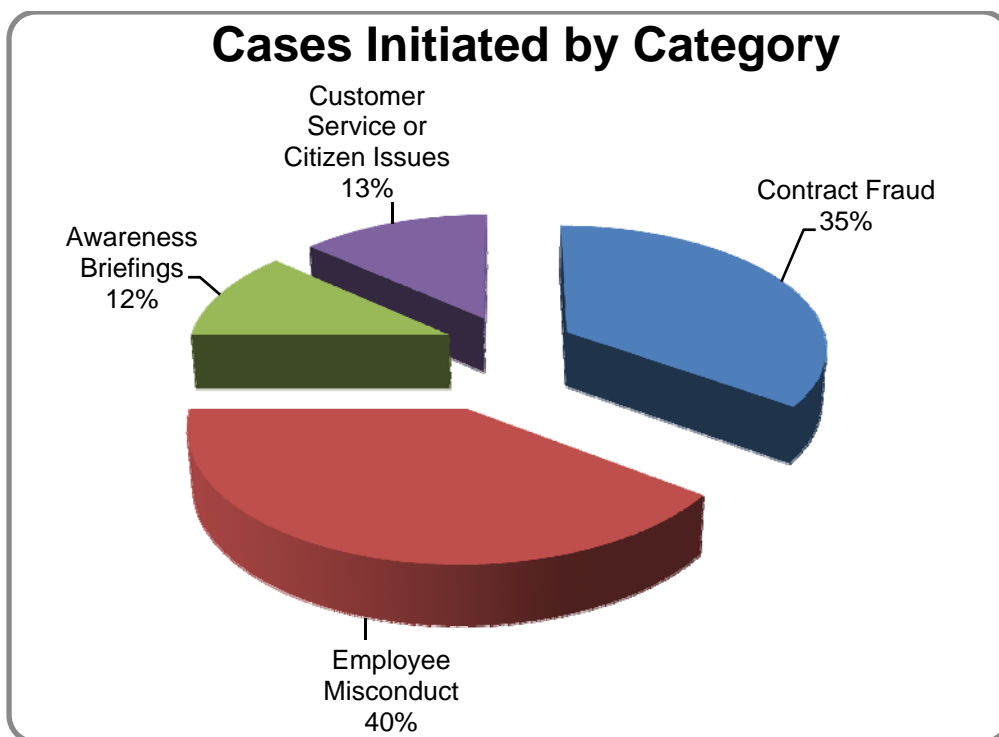
*Report expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the inspector general has reasonable grounds to believe there has been a violation of criminal law.*

During Fiscal Year 2007-2008, the department referred five investigations to law enforcement agencies or prosecutors, including the Florida Department of Law Enforcement, the U.S. Attorney's Office, the U.S. Department of Transportation's Office of Inspector General and the Florida Office of Statewide Prosecution. Crimes investigated included grand theft, money laundering and organized schemes to defraud.

Four individuals and two corporations were convicted during this fiscal year for contract fraud related crimes committed against the department, with a total recovery of \$228,216.

## CASE CATEGORY

Case categories are used to define or describe the type of investigative activity associated with case assignment. This assessment and determination occurs during intake of information or upon receipt of a complaint. The chart below depicts the category definition and impact as related to this reporting period. Aside from substantive investigations, the chart depicts customer service requests for assistance or information as well as the delivery of fraud and awareness briefings to department staff or industry partners.



## DISTRICT CASE ACTIVITY

The table below shows the number of cases worked in the districts by investigative staff.

ACTIVITY	D1	D2	D3	D4	D5	D6	D7	TPK	CO	MCCO	STWD
Contract Fraud	3	3	3	7	1	8	7	11	1	0	5
Employee Misconduct	5	5	7	6	2	3	5	4	6	3	2
Other	3	0	0	1	0	0	0	0	1	4	2

Of the substantive investigations closed during the fiscal year and listed below, 17 investigations completed were considered proved, with action taken ranging from reprimand to criminal prosecution, 21 were disproved, and 7 closed with allegations being unsubstantiated.

<b>Substantive Case Closure Summary</b>		
<b>Case Number</b>	<b>Allegations</b>	<b>Outcome</b>
150-7108	Violation of law or agency rules; submitted false claims to the department.	Closed
150-08040	Violation of law or agency rules; submitted false certifications to the department.	Closed
152-7017	Violation of department policy and conduct standards; failed to properly service public records requests.	Disproved
150-7030	Violation of law or agency rules; approved the payment of false invoices.	Disproved
152-7122	Violation of department IT policy and conduct standards.	Disproved
152-7123	Violation of department IT policy and conduct standards.	Disproved
164-08019	Violation of law or agency rules; failed to properly service customer complaint.	Disproved
155-08022	Violation of law or agency rules; theft of department materials.	Disproved
150-08026	Violation of department contract specifications; substandard performance.	Disproved
152-08038	Violation of department policy and conduct standards; failed to properly handle personnel matter.	Disproved
150-0064	Violation of law or agency rules; submitted false certifications to the department.	Proved
150-2031	Violation of law or agency rules; submitted false certifications to the department.	Proved
150-6038	Violation of department contract specifications; substandard materials.	Proved
150-6067	Violation of law or contract specifications; submitted false invoices for materials.	Proved
150-6063	Violation of law; false representation of material claims.	Proved
152-6076	Violation of department policy and conduct standards; favoritism in contract awards and IT misuse.	Proved
150-7032	Violation of law or agency rules; submitted false certifications to the department.	Proved
152-7044	Violation of department policy and conduct standards; IT misuse.	Proved
152-7058	Violation of law or agency rules; submitted false travel documents, favoritism in contract awards, IT misuse.	Proved
155-7065	Violation of law or agency rules; theft of department materials.	Proved
152-08004	Violation of department policy and conduct standards; favoritism in contract awards.	Proved
152-08025	Violation of department policy and conduct standards; IT misuse.	Proved



152-08028	Violation of department policy and conduct standards; misuse of department vehicle.	Proved
152-08030	Violation of law; theft of department materials.	Proved
152-08055	Violation of department policy and conduct standards; misuse of government purchase card.	Proved
152-08074	Violation of department IT policy and conduct standards.	Proved
155-7087	Violation of law or agency rules; theft of department materials.	Closed
150-08001	Violation of law or agency rules; submitted false billing invoices to the department.	Closed
158-08045	Violation of law or agency rules; mishandling of hazardous materials.	Closed
152-08047	Violation of law or agency rules; trafficking drugs with a department vehicle.	Closed
151-08075	Violation of department IT policy and conduct standards.	Closed
150-6001	Violation of law or agency rules; submitted false certifications to the department.	Disproved
154-7104	Violation of agency rules; misuse of department resources.	Disproved
150-08003	Violation of law or agency rules; unlawful compensation.	Disproved
150-08007	Violation of law or agency rules; submitted false information to the department and employed illegal aliens.	Disproved
152-08010	Violation of agency rules; mishandling personnel assignments and personnel actions.	Disproved
152-08012	Violation of law or agency rules; theft of department materials.	Disproved
150-08016	Violation of law or agency rules; submitted false invoices to the department.	Disproved
150-08027	Violation of law or agency rules; submitted false invoices to the department.	Disproved
150-08037	Violation of law or agency rules; submitted false pre-qualification application to the department.	Disproved
150-08050	Violation of law or agency rules; used substandard materials.	Disproved
150-08051	Violation of law or agency rules; submitted false invoices to the department.	Disproved
152-08054	Violation of department IT policy and conduct standards.	Disproved
152-08090	Violation of agency rules; false employment application.	Disproved
152-7100	Violation of department IT policy and conduct standards.	Proved

# ANNUAL WORK PLAN

The OIG Work Plan identifies annual and long term projects as well as assists in managing the Office's anticipated workload. A Work Plan is required by 20.055, Florida Statutes and professional audit standards.

The Work Plan for FY 2008-2009 is detailed on the following pages and identifies projects to be performed by the Audit Section. The Investigations' Section workload is primarily reactive based on allegations of wrongdoing received from department staff, contractor personnel and citizens, as well as requests by management.

This Work Plan has many purposes and intended benefits which include:

- Assist the department in meeting its mission by planning activities through a risk-based process to provide the most effective coverage of the department's programs, processes, system and contracts with outside entities;
- Inform department managers, outside agencies and other entities of our mission, activities and planned audit coverage; and
- Familiarize department staff with the functions and services we provide.

## CONSTRUCTION SERVICES AUDIT

### **FY 2007-2008 Carry Forward Projects**

- District Two Contract Modification Review
- District Four ER Review
- District Five ER Review
- District Six ER Review
- Turnpike Contract Modification Review

### **FY 2008-2009 New Projects**

- CEI Authority Review (FHWA)
- Construction Office Operations
- Contract Modification Reviews (includes Claims)
- Emergency Response Reviews
- Procedure Reviews

### **FY 2009-2010 & FY 2010-2011 Out Year Projects**

- Construction Office Operations
- Contract Modification Reviews (includes Claims)
- Design-Build
- Emergency Management program
- Emergency Response Monitoring & Assistance
- Procedure Reviews
- Right of Way / Estimates

## CONSULTANT SERVICES AUDIT

### **FY 2007-2008 Carry Forward Projects**

- Accounting System Reviews (2)
- Consultant Finals (6)
- CPA Work Paper Reviews (3)

### **FY 2008-2009 New Projects**

- Accounting System Reviews
- Consulting Firm Rate Reviews
- Consultant Finals:
  - Contract Final
  - Multiple Contracts
  - Lump Sum Contracts
- CPA Work Paper Reviews
- Other Rate Reviews
- Procedure Reviews

### **FY 2009-2010 & FY 2010-2011 Out Year Projects**

- Accounting System Reviews
- Consulting Firm Overhead Rate Reviews
- Consultant Finals – Multi-Contract & Lump Sum
- CPA Work Paper Reviews
- Other Rate Reviews (Self Certification/Provisional/District Assistance)

## FINANCIAL SERVICES AUDIT

### **FY 2007-2008 Carry Forward Projects**

- Cash Forecast
- Contract Estimates
- Final Estimates

### **FY 2008-2009 New Projects**

- Cell Towers
- Department Rates:
  - Department Fringe Benefit Rate
  - Department Indirect Rate Monitoring
  - OIG Billing Rate
- Growth Management
- Mega Project Monitoring
- Office of Comptroller - Accounts Receivable
- Southern Association of State Highway Transportation Officials Conference
- Single Source Contracts
- Procedure Reviews

### **FY 2009-2010 & FY 2010-2011 Out Year Projects**

- Office of Comptroller Operations (recurring)
- Procurement of Intelligent Transportation Systems
- Turnpike – Marriott
- Turnpike – Maintenance

## INFORMATION TECHNOLOGY AUDIT

### FY 2007-2008 Carry Forward Projects

- Automated Access Request Form
- Cash Forecasting System Development
- Computer Forensics
- Electronic Bidding
- Payment Card Industry 2008
- Turnpike Change Management

### FY 2008-2009 New Projects

- Active Directory
- Annual OIG Risk Assessment
- Trns\*port Bid Analysis Management System/Decision Support System
- Confidential Information in E-mail
- Computer Security Incident Response Team
- Data Classification
- Data Mining
- District Information Technology Review
- Forensic Laboratory Operations
- Information Technology Resource Monitoring and Compliance Reviews
- Monitor Data Center Conversion
- Payment Card Industry 2009
- Risk Assessment - Agency Information Technology
- Use of Work Program Funds for Information Technology
- Procedure Reviews

### FY 2009-2010 & FY 2010-2011 Out Year Projects

- Access Control Lists
- Anti-Virus
- Back-up
- Borderless Security Review
- District Physical Security Review
- Laptops with Air Cards – security controls
- Mainframe Security – Resource Access Control Facility
- Network Access procedures in the districts
- Network Infrastructure – Vulnerability Analysis
- Personal Information Security
- Rail Office
- Structural Design Information Security

## PERFORMANCE AUDIT

### **FY 2007-2008 Carry Forward Projects**

- Grant Awards 07/08
- No Excuse Bonus/Incentive Program Analysis
- Outdoor Advertising
- Permitting

### **FY 2008-2009 New Projects**

- Bridge Inspections
- Department Procedures
- Performance Measures
- Product Evaluation Process
- Public Private Partnerships
- Quality Assurance Program
- Road Rangers
- Procedure Reviews

### **FY 2009-2010 & FY 2010-2011 Out Year Projects**

- Design Stipend
- Department Training Program
- Single Audit Act

## **PUBLIC TRANSPORTATION & UTILITIES AUDIT**

### **FY 2007-2008 Carry Forward Projects**

- CSX Transportation Railroad Rate Review
- CSX Transportation Invoice Review
- Florida East Coast Railroad Rate
- Department Indirect Cost Allocation Rate
- Panama City Bay Co. Aviation Audit
- South Florida Regional Transportation Authority Grant
- Single Audit Reviews
- Santa Rosa Bay Bridge Authority

### **FY 2008-2009 New Projects**

- CSX Transportation Railroad Rate Review
- Department Indirect Cost Allocation Rate
- Santa Rosa Bay Bridge Authority – Compilation
- Single Audit
- Single Audit District Reviews
- Single Audit Training
- Transit Grants
- Special Projects
- Procedure Reviews

### **FY 2009-2010 & FY 2010-2011 Out Year Projects**

- CSX Transportation Railroad Rate Review
- Department Indirect Cost Allocation Rate
- Florida East Coast Railroad Rate
- Santa Rosa Bay Bridge Authority – Compilation
- Single Audit District Reviews
- Single Audit Services
- Single Audit Training



# OIG CONTACT INFORMATION

## **Mail**

Florida Department of Transportation  
Office of Inspector General  
605 Suwannee Street, MS-44  
Tallahassee, Florida 32399-0450

## **Telephone**

(850) 410-5800

## **Facsimile**

(850) 410-5851

## **Web Site**

<http://www.dot.state.fl.us/inspectorgeneral/>

## **Fraud Hotline**

1-800-255-8099 (within Florida)

