



Florida Department of Transportation

RICK SCOTT
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

ANANTH PRASAD, P.E.
SECRETARY

September 30, 2014

Ananth Prasad, P.E.
Secretary of Transportation
Florida Department of Transportation
605 Suwannee Street, MS 57
Tallahassee, FL 32399-0450

Dear Secretary Prasad:

I am pleased to submit our Annual Report on the activities of the Office of Inspector General (OIG) for the fiscal year ended June 30, 2014, as required by Subsection 20.055(7), Florida Statutes.

The value of the OIG's intangible deterrent impact can never be fully reflected in an annual report; however, results such as cost covered, dollar impact, recoveries made and allegations proved or disproved can be readily reported. As you read this report, I hope you will recall the broad spectrum of services we provide the department and the professionalism of the OIG team.

We look forward to working with you and our fellow employees in meeting the challenges and opportunities that face the department. Thank you for your continued support.

Respectfully submitted,

Robert E. Clift
Inspector General

REC: dc
CC: Chief Inspector General

Enclosure



Fiscal Year
2013 -2014

Florida Department of Transportation
Office of Inspector General
Annual Report



Veterans Memorial Bridge - Photo courtesy of www.seefloridago.com

Robert E. Clift
Inspector General





Photo courtesy of www.seefloridago.com

CONTENTS

Introduction	3
Historical Perspective	3
Background	5
Mission Statement	6
Vision.....	6
OIG Duties & Responsibilities	6
Organizational Structure.....	7
Certifications	8
Affiliations	9
Training	10
2014 Prudential Productivity Award.....	11
Job Cost Accounting.....	12
Audit.....	13
Mission Statement	13
Summary of Audit Activities	14
Performance and Information Technology Audit.....	15
Performance Audits.....	15
Performance Measures Assessment	16
Information Technology Services	16
Information Technology Resource Compliance Reviews	18

Data Mining Services	18
Intermodal Audit.....	19
Seaport and Airport Grants	19
Railroad and Transit Grants.....	20
Rate Reviews.....	21
Additional Reviews	22
Single Audit	23
Contract Audit.....	24
Construction Contracts.....	24
CPA Work Paper Reviews	25
Additional Reviews	26
External Audits.....	28
Annual Risk Assessment & Audit Plan Development	30
Summary of Audit Recommendations and Follow-up.....	31
Investigations	32
Mission Statement.....	32
Accreditation.....	33
Summary of Investigation Activities	34
Types of Cases	35
Summary of Case Closures	36
Investigations Completed – Contract Fraud.....	36
Investigations Completed – Misconduct	38
Investigations Completed – Right of Way	39
Quality Assurance and Operations Support.....	40
Mission Statement	40
Summary of Quality Assurance and Operations Support Activities	41
Statutory Activities	41
Support Activities	42
Annual Report Workgroup	Back Cover



Main Street Bridge in Jacksonville - Photo courtesy of www.seefloridago.com

INTRODUCTION

HISTORICAL PERSPECTIVE

The first known Inspector General was designated by King Louis XIV of France in 1668 to review his troops and report to him the condition of the army. The first Inspector General in what would become the United States was appointed by General George Washington during the Revolutionary War, because he was not satisfied with the disparate training or readiness of troops provided by the Colonies.

In 1978 Congress adopted the Inspector General concept and created civilian inspectors general in federal agencies. Their responsibilities included conducting and supervising audits and investigations relating to the programs and operations of the agencies to which they were assigned.

An audit function was established in the Florida Department of Transportation (department) in the 1960s. This function evolved into audits and investigations and in the 1980s was designated the Office of Inspector General (OIG).

In 1994, Section 20.055, Florida Statutes (F.S.), required an Office of Inspector General in each state agency, which is assigned specific duties and responsibilities.

HISTORICAL
PERSPECTIVE
CONTINUED

In the 2014 Legislative Session, House Bill (HB) 1385 was introduced amending the provisions of Section 20.055, F.S. The House Bill was passed by both chambers and signed into law by Governor Scott effective July 1, 2014.

In brief, HB 1385 requires Governor's agency Inspectors General be under the general supervision of the agency head but report to the Chief Inspector General (a position within the Executive Office of the Governor). This change was made to enhance the independence of offices of inspectors general. Its impact should be transparent to our Florida Department of Transportation (FDOT) colleagues. We are committed to continuing to serve the FDOT Team, through the use of our audit and investigation products and services, to help meet the department's mission objectives.

BACKGROUND

The role of the OIG is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity and efficiency in the department. Section 20.055, F.S., defines the duties and responsibilities of agency inspectors general.

The statute requires that each inspector general shall submit to the Chief Inspector General and the Agency Head an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year. This report includes, but is not limited to:

- A description of activities relating to the development, assessment and validation of performance measures.
- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews or other activities during the reporting period.
- A description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses or deficiencies identified.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
- A summary of each audit and investigation completed during the reporting period.

MISSION STATEMENT

The mission of the Office of Inspector General is to promote integrity, accountability and process improvement in the Department of Transportation by providing objective fact-based assessments to the Chief Inspector General and the Department of Transportation (DOT) Team.

VISION

Our vision is to be:

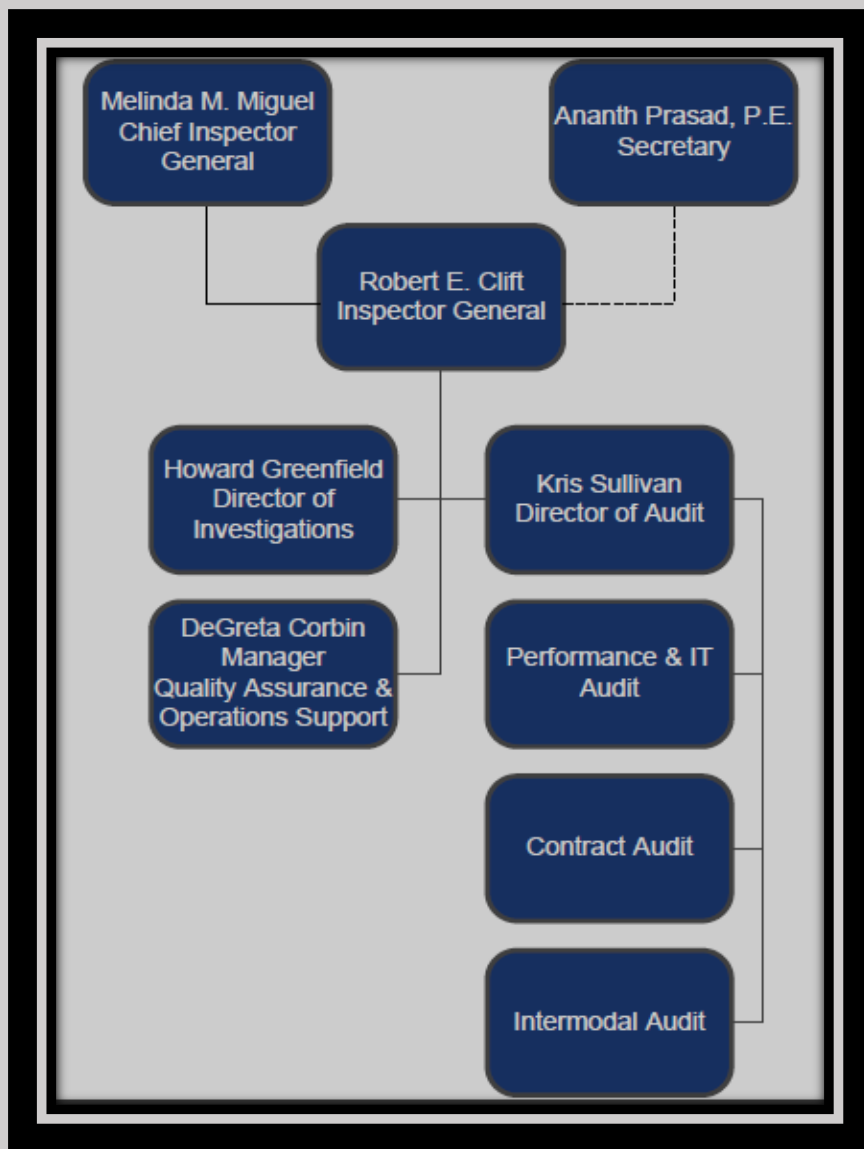
- Championed by our customers,
- Benchmarked by our counterparts, and
- Dedicated to quality in our products and services.

OIG DUTIES & RESPONSIBILITIES

- Providing direction for and coordination of audits, investigations and management reviews relating to the programs and operations of the agency.
- Keeping the Chief Inspector General and agency head informed concerning fraud, abuses and deficiencies relating to programs and operations administered or financed by the state agency.
- Recommend corrective action concerning fraud, abuses and deficiencies and report on the progress made in implementing corrective action.
- Reviewing the actions taken by the state agency to improve program performance and meet program standards and making recommendations for improvement, if necessary.
- 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.

ORGANIZATIONAL STRUCTURE

The Inspector General reports to the Chief Inspector General and is under the general supervision of the Secretary as prescribed by statute. The OIG is comprised of three main operational units that work together to fulfill its primary mission: Audit, Investigations and Quality Assurance and Operations Support (QAOS).



The OIG has 42 positions: 26 of which are in the Audit Section; 10 are in the Investigations Section; 5 are in the Quality Assurance and Operations Support Section; along with the Inspector General.

CERTIFICATIONS

Expertise within the OIG covers a variety of disciplines. Employees are 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. Staff members' accomplishments obtaining certifications represent significant personal time and effort, reflecting positively on the individual as well as the department. The list below summarizes the most recognized professional certifications maintained by OIG staff.

- Certified Inspector General
- Certified Internal Auditor
- Certified Public Accountant
- Certified Government Auditing Professional
- Certified Fraud Examiner
- Certified Inspector General Investigator
- Certified Inspector General Auditor
- Certified Information Systems Auditor
- Certified Public Manager
- Certified Law Enforcement Analyst

AFFILIATIONS

Office of Inspector General staff members participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. These associations allow them to establish and advance professional networks and participate in professional community activities.

- Association of Certified Fraud Examiners
- Association of Government Accountants
- Association of Inspectors General
 - Florida Chapter
- American Institute of Certified Public Accountants
 - Florida Institute of Certified Public Accountants
- Florida Audit Forum
- Institute of Internal Auditors
 - Tallahassee Chapter
- Information Systems Audit and Control Association
 - Tallahassee Chapter
- International Government Benchmarking Association
- Southeast Audit Group
 - American Association of State Highway and Transportation Officials



TRAINING

Section 20.055, F.S., requires offices of inspectors general to conduct audits and investigations in accordance with professional standards. Specifically, the statute requires that we “comply with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General.” The statute further states that “audits shall be conducted in accordance with the current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with generally accepted governmental auditing standards.”

The Association of Inspectors General specifies that each staff person who performs audits, investigations, evaluations or reviews should receive at least 40 hours of continuing professional education every two years that directly enhances the person’s professional proficiency.

In addition, the International Standards for the Professional Practice of Internal Auditing and Government Auditing Standards require internal audit unit staff to maintain their professional proficiency through continuing education and training. Each auditor must complete at least 80 hours of continuing education every two years.

In meeting the OIG mission requirements and to comply with requirements specified in Section 20.055, F.S., we use the most economical training opportunities from various professional organizations and associations, agencies and individuals to fulfill the statutorily mandated training obligations.

2014 PRUDENTIAL PRODUCTIVITY AWARD

The Prudential Productivity Awards publicly recognize and reward 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.

Chief Inspector General Melinda Miguel, Florida Department of Transportation Inspector General Bob Clift and others worked together for almost a year to develop a comprehensive, cost effective “all hands” training for the Inspector General community, especially new auditors. The result was “in-house” training wherein Florida State and county Inspector General staff benefited from delivery of statutorily required training with savings of 98% as compared to equivalent training delivered by the private sector and other professional associations.

Continuing Professional Education credit for these training sessions was provided by the Association of Inspectors General in conjunction with the National Association of State Boards of Accountancy (NASBA).

Comparable training delivered by professional associations and private organizations averages approximately \$1,400 per registration; this training cost only \$35 per attendee (the cost of Florida Chapter membership). The combined cost of the 2012-2013 training was \$8,575 versus \$343,000 if delivered by other means, or a savings of \$334,425 based on the average training costs cited above.



Left to Right: Jeff Beasley, Florida Chapter Training Committee Chair; Melinda Miguel, Chief Inspector General; Carlos Lopez-Cantera, Florida’s Lieutenant Governor; Bob Clift, Florida Chapter President and Kris Sullivan, Florida Chapter Program Committee Chair.

JOB COST ACCOUNTING

The OIG adds value to the department in performing its mission of “providing objective fact-based assessments to the DOT Team.” Our goal is to ensure that the maximum amount of staff’s time, at least 80%, is spent on work directly associated with audit engagements or investigations. This reporting period, we were able to bill an average of 85% to ongoing projects.



District 2 - Photo courtesy of www.seefloridago.com

AUDIT

MISSION STATEMENT

Promote integrity, accountability and process improvement by providing objective, timely and value-added audit services.

The Audit Section provides independent appraisals of the performance of department programs and processes, including the appraisal of management's performance in meeting the department's information needs while safeguarding its resources. The Audit Section ensures costs proposed and charged to the department through contracts and agreements with external entities are accurate, reasonable and comply with applicable federal and state procurement regulations. The section is also responsible for the annual risk assessment and audit plan development.

SUMMARY OF AUDIT ACTIVITIES

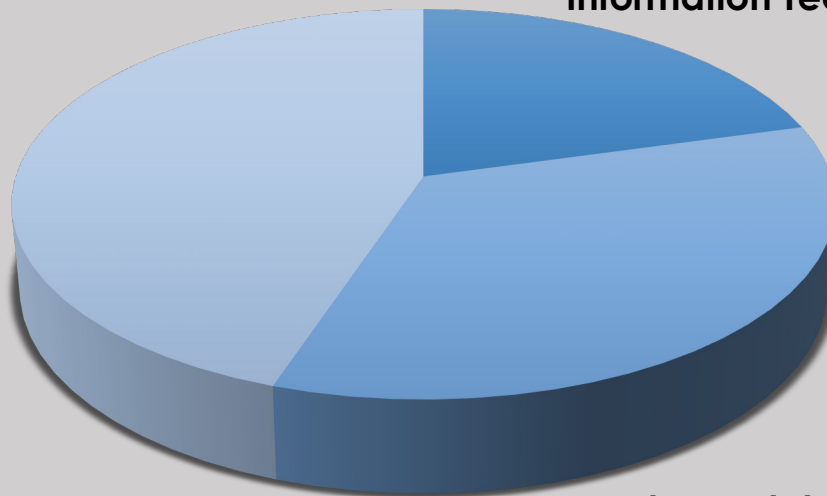
The Audit Section provides information to department management so they can make informed decisions, resolve issues, use resources effectively and efficiently and satisfy statutory and fiduciary responsibilities. The value of our services is often not quantified but is achieved through greater efficiencies, enhanced effectiveness, improved compliance and mitigation of risks.

During FY 2013-2014 the Audit Section was comprised of three units, Performance and Information Technology Audit, Contract Audit and Intermodal Audit, which included the Single Audit function.

NUMBER OF REPORTS ISSUED BY THE AUDIT SECTION FOR FY 2013-2014

Contracts , 13

Performance and
Information Technology , 6



Intermodal, 10

PERFORMANCE AND INFORMATION TECHNOLOGY AUDIT

Performance and Information Technology Audit conducts performance audits and management reviews of organizational units, programs, activities and functions in accordance with applicable professional standards. The term performance audit is used generically to include work classified as program evaluations, program effectiveness and results audits, economy and efficiency audits, operational audits and value-for-money audits. The work of Performance and Information Technology Audit consists of performance audits, financial audits, performance measures assessment, risk assessment, information technology audits, computer forensic reviews and data mining.

Performance Audits

Performance audits provide information to improve program operations, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability. Specifically, performance audits: evaluate compliance, efficiency, effectiveness of policies and procedures and recommend improvements as appropriate; and evaluate internal controls and recommend improvements as appropriate.

13C-6008: Logo Sign Program

The purpose of this engagement was to evaluate the monitoring of the Logo Sign Program (Program) by the Office of Outdoor Advertising Control within the Office of Right of Way and the overall effectiveness of the Program. The Program was established to provide information to motorists about available gas, food, lodging, camping, attractions and other services at interstate interchanges through the use of business logos on specific service signs.

The review resulted in two program areas identified for improvement concerning verification of Quality Control Statements and the monitoring of marketing services. Management concurred with the recommendations and initiated corrective actions.

14P-1002: Vegetation Management Program

The purpose of this engagement was to evaluate the internal processes, procedures and controls for the Vegetation Management Program and determine if the Office of Right of Way was monitoring the terms of a settlement between Salter Advertising and the department.

The review determined Procedure No. 650-050-003 Vegetation Management Program at Outdoor Advertising Signs (procedure) was in compliance with current Florida Statutes and Florida Administrative Code. The review also determined the program's compliance with the procedure needing improvement in four areas: processing applications, notifying consultants, transmitting of checks and uploading of documentation. Management concurred with the findings and recommendations and initiated corrective actions.

As part of this review, we also determined the Office of Right of Way was adequately monitoring the terms of the “Stipulation of Settlement” with Salter Advertising.

Performance Measures Assessment

Performance measures assessments are designed to assess the reliability and validity of information related to performance measures and standards, and recommend improvements, if necessary. Section 216.013, F.S., requires state agencies develop long-range plans to achieve goals, provide the framework for development of budget requests and identify and update program outcomes and standards to measure progress toward program objectives. Subsection 20.055(2)(b), F.S., requires each state agency’s Office of Inspector General to assess the reliability and validity of the information provided by the state agency on performance measures and standards, and make recommendations for improvements, if needed.

13P-3001: Performance Measures FY 11/12

The purpose of this engagement was to assess the validity and reliability of 4 of the 34 performance measures reported in the 2013/2014 Florida Department of Transportation (department) Long Range Program Plan (LRPP) for the 2011/2012 Fiscal Year (FY). The Office of Work Program and Budget was the responsible office for all four measures. The four measures provide information concerning the number of lane miles the department contracts for resurfacing and highway capacity improvements.

The review determined that all four performance measures and supporting data were valid and reliable. Three opportunities for improvement were noted concerning desk procedures.

Information Technology Services

Information Technology Audits are intended to evaluate the integrity and availability of information technology resources. Specifically, information technology audits:

- measure the quality of the department’s information technology services;
- evaluate implementation of information technology resource statutes, rules, policies, procedures and industry standards; and
- evaluate internal controls and recommend improvements as appropriate.

13P-5001: Payment Card Industry Standards

The purpose of this engagement was to conduct an analysis of the department’s compliance with the Payment Card Industry (PCI) Data Security Standards (DSS) to ensure the protection of cardholder data. Department offices that process, store or transmit payment card information are required as a condition of each brand’s payment card acceptance agreement to report PCI compliance to the PCI Security Standards Council. During FY 2011-2012, the department processed 33,316,146 payment card transactions for a total of \$735,030,822 in revenue of which toll revenue represents 99.9 percent of the total dollar volume.

The review resulted in five findings concerning department offices that accept payment by credit card (other than the Office of Toll Operations whose program met PCI DSS expectations) which needed improvement in the following areas: selection of Self-Assessment Questionnaires (SAQs), electronic processing of cardholder data, protection of stored cardholder data, physical access controls and the payment card security awareness program. Management concurred with the findings and recommendations and initiated corrective actions.

Intelligent Transportation Systems (ITS) Reviews

ITS programs have been deployed in each of the department's seven districts and the Turnpike. ITS operations consist of twelve Traffic Management Centers, three satellite monitoring centers and associated infrastructure deployed along the roadways. Oversight of ITS deployment and regulation of the department's ITS equipment and software became the responsibility of the State Traffic Operations Engineer in 2001.

In November 2012, we initiated an engagement to evaluate the application of controls for information technology environment, contracting and inventory management within the department's ITS program. The results of this engagement are reported in three phases, in the following order: information technology (IT) environment, contracting and inventory accountability. The reports for the first two phases are summarized below. The third phase is scheduled for Fiscal Year 2014/15.

13P-5002A: Intelligent Transportation Systems IT Controls Review

The purpose of this phase of the Intelligent Transportation System engagement was to determine if ITS operations have appropriate controls in place to sufficiently comply with department standards for IT resource usage.

The review identified seven findings concerning improvements in operations in the following areas of the information technology environment: Internet monitoring; physical access controls; email availability for public records requests; complex password requirements; disaster recovery plan; IT resource usage guidance; and IT Architecture. Management concurred with the findings and recommendations and initiated corrective actions.

13P-5002B: Intelligent Transportation Systems (ITS) – Contracts

The purpose of this phase of the ITS engagement was to evaluate operations and field device maintenance contracts for the ITS program to determine contract cost per managed mile within each district, identify differences in contract provisions, assess contract compliance with Florida Statutes and evaluate the application of specified contract monitoring activities.

The review identified three findings regarding ITS program funding and developing a centralized approval process to justify additional proposed district expenditures to ensure consistent service statewide; consistency among the ITS contracts and developing centralized

requirements and standards for operations and maintenance contracts; complying with Chapter 119, F.S, regarding Public Records and developing standard language used in ITS contracts; and ensuring consistent contract monitoring activities and developing a contract template with standard contract monitoring activities. Management concurred with the findings and recommendations and initiated corrective actions.

Information Technology Resource Compliance Reviews

Eighteen Information Technology Resource (ITR) Compliance Reviews were conducted using computer forensic techniques. The purpose of the reviews was to determine if Florida Statutes, department rules and department procedures concerning the use of ITR were violated. These services supported department management and OIG audit and investigative projects.

Data Mining Services

Data mining is the process of extracting knowledge hidden in large volumes of data. It can be used to evaluate or demonstrate successful business practices. Data mining is used to support OIG staff with data acquisition and analysis. It is also used to perform targeted reviews of the department's data to determine trends and potential irregularities (including fraud indicators). Additionally, the office's data mining activities have supported department management and OIG audit and investigative projects.

INTERMODAL AUDIT

Intermodal Audit performs audits and reviews to determine the allowability of costs associated with various activities including agreements between the department and railroads, authorities, public transportation entities and utility companies. Engagements related to rail labor additive rates and invoices; transportation, expressway and bridge authorities; seaport, airport and transit grants; utility relocation costs; indirect cost allocation and fringe benefit rates. Various other accounting services are also performed by Intermodal Audit.

Seaport and Airport Grants

Seaport projects that receive funds pursuant to Florida Seaport Transportation and Economic Development Funding are subject to a final audit. The department's aviation funding helps airports build and maintain runways and taxiways, eliminate airport hazards, protect the air space, build terminals and other facilities. Seaport and airport grants typically fall under federal and state Single Audit requirements. Engagements are performed, on a sample basis, to evaluate compliance with the grant provisions.

13I-3001: Joint Participation Agreement AO819: District One and Manatee County Port Authority

The purpose of the examination was to assess compliance with the provisions of Joint Participation Agreement (JPA) AO819, the reasonableness and allowability of the claimed and reimbursed costs and adequacy of documentation to support the claimed and reimbursed costs. This included assessing District One's monitoring of this project.

The examination concluded costs charged to the JPA presented, in all material respects, allowable amounts due for the period December 30, 2005 through July 1, 2011, in conformity with the terms of the JPA. Three findings were identified concerning: plans and specification approvals; project monitoring documentation; and invoice supporting documentation. Management concurred with the findings and recommendations and initiated corrective actions.

13I-3002: Joint Participation Agreement AO525: District Four and Port of Palm Beach

The purpose of the examination was to assess compliance with the provisions of JPA AO525, the reasonableness and allowability of the claimed and reimbursed costs and adequacy of documentation to support the claimed and reimbursed costs. This included assessing District Four's monitoring of this project.

The examination concluded costs charged to the JPA presented, in all material respects, allowable amounts due for the period December 30, 2005 through June 30, 2013, in conformity with the terms of the JPA. One finding was identified concerning approvals for third party agreement and project plans/specifications. Management concurred with the finding and recommendation and initiated corrective actions.

13I-3003: Joint Participation Agreement AP652: District Four and Broward County Board of County Commissioners

The purpose of the examination was to determine whether the District Four Aviation Office conducted adequate oversight and monitoring to ensure compliance with department procedures and applicable laws, rules and regulations. The examination also included determining if Broward County Board of County Commissioners (BOCC) complied with the terms and conditions of JPA AP652.

The examination concluded BOCC's billings for the period June 18, 2008 through March 1, 2013, under JPA AP652 present, in all material respects, allowable amounts due in conformity with the terms of the JPA.

Railroad and Transit Grants

Transit grants are funds provided for transportation services under Sections 5303, 5310 and 5311, the Federal Transit Administration's Programs and District Discretionary Funds. Rail grants are provided by various federal and state resources. Rail and transit grants typically fall under federal and state single audit requirements. Engagements are performed, on a sample basis, to evaluate compliance with the grant provisions.

13I-1001: Joint Rail Participation Agreement AQD17: Rail Office and CSX Transportation S-Line

The purpose of this engagement was to determine if the Rail Office adequately managed and monitored the Joint Rail Participation Agreement (JRPA). We conducted an analysis of the oversight of JRPA AQD17 with CSX Transportation (CSXT) to fund improvements to CSXT's S-Line located in north and central Florida.

The analysis determined the Rail Office followed documented project-specific processes adequate for reviewing the JRPA and performed detailed oversight on this project.

Rate Reviews

The OIG annually examines the proposed Indirect Cost Allocation and Fringe Benefit Rates prepared by the Office of Comptroller (OOC) in accordance with the Indirect Cost Allocation Plan. Additionally, we perform other rate reviews to determine if the rates are allowable, allocable and reasonable for use in billing federal-aid projects.

14I-6001: Department Fringe Benefit and Employee Leave Rates for FY 2013-2014

The purpose of this examination was to determine whether the department's fringe benefit and employee leave rate schedules were: developed in accordance with Title 2, Part 225, Code of Federal Regulations (C.F.R.); OOC's Fringe Benefit and Employee Leave Rate Development Handbook; based on actual amounts; and correctly calculated. The purpose also included determining if the control process for calculating the rate was adequate and reliable.

The examination determined the OOC complied, in all material respects, with the terms of the governing authorities listed.

14I-6002: Department Indirect Cost Rates for Fiscal Year 2013-2014

The purpose of this examination was to determine whether the department's indirect cost allocation rates were: developed in accordance with 2 C.F.R. 225 and the department's procedures (Indirect Cost Allocation Plan (ICAP) and ICAP Handbook); based on actual costs incurred during the fiscal year 2012-2013 along with projected expenditures for fiscal year 2013-2014; and calculated using an adequate and reliable process for entering costs and statistical data into the indirect cost allocation system.

The examination determined the indirect cost allocation rates were: developed in accordance with listed authorities; based on actual costs; and calculated using adequate and reliable processes.

13I-1003: Florida East Coast Railway Company (FEC), 2012 Reimbursement Rates for Railroad Work.

The purpose of the examination was to determine whether FEC's fiscal year 2012 labor additive surcharge rates for materials handling, supplies and equipment rates were developed based on costs which were reasonable, allowable; and adequately supported.

The examination concluded the 2012 labor additive surcharge rates proposed by FEC were reasonable and supported by accounting records. The costs included in the rate computation were reasonable and allowable for use in billing costs to federal-aid projects. In addition, the materials handling and supplies, and equipment rates were reasonable and allowable.

Additional Reviews

12I-9005: Cell Tower Fees

The purpose of this engagement was to determine if the department received appropriate revenues from American Tower Corporation (ATC) in accordance with the department's Lease and Operating Agreement for Commercial Wireless Telecommunications (Agreement). We assessed whether ATC provided accurate financial information and complied with the terms of the Agreement. Also, we assessed whether the department provided adequate monitoring to ensure compliance with agreement requirements.

The engagement determined the department received appropriate revenues as required by the agreement. There were two findings: ATC was not fully compliant with all terms of the agreement and there was no evidence of monitoring by the department to determine if certain contractual terms were met. Management concurred with the findings and recommendations and initiated corrective actions.

Single Audit

Federal and state financial assistance is provided by the department, as “pass through” funding to entities, local governments, nonprofit organizations and for profit organizations (state only). These funds normally require an annual independent Certified Public Accountant (CPA) audit. These audits must be performed in accordance with OMB Circular A-133 or Section 215.97, F.S. The audit reports were submitted to district program staff for review and evaluation as to content and timeliness. District staff also ascertain if there were any reported questioned costs or material findings that need to be resolved by the department’s program manager. Quality reviews were then performed to determine each district’s compliance with department procedures, Section 215.97, F.S. and OMB Circular A-133.

The purpose of these engagements was to determine if offices complied with federal and state single audit regulations as well as the department’s *Single Audit Procedure*.

We sampled 122 federal awards and/or financial assistance grants from a population of 802 for fiscal year ended 2010 with total disbursements over \$163 million. The reviews resulted in findings and recommendations concerning monitoring, required monitoring language and completion of appropriate documentation.

13I-8006: Single Audit Compliance Review - District Five

The purpose of this engagement was to determine if District Five complied with federal and state single audit regulations as well as the department’s Procedure No. 450-010-001, *Single Audit Procedure*. The review determined 19 of the 20 contracts reviewed fully complied with all the requirements tested. District management implemented corrective action, as recommended, on the one non-compliant contract.

13I-8008: Single Audit Compliance Review - Safety Office

The purpose of this engagement was to determine if the Safety Office complied with federal regulations and the department’s Procedure No. 450-010-001, *Single Audit Procedure*.

The review resulted in two findings concerning compliance with Federal and State regulations. None of the 20 contracts tested were in full compliance with Federal or State regulations. Management concurred with the findings and recommendations and has initiated corrective actions.

Single Audit Coordination Efforts

In the Fall of 2013, the coordination of the department’s Single Audit activities were transferred from the Office of Inspector General to the Office of Comptroller’s Grants Section to centralize the responsibility of management and monitoring of grants awarded by the department.

CONTRACT AUDIT

Contract Audit performs audits, examinations and reviews to include agreed upon procedures and special analyses of contracts and agreements between the department and external entities. The analysis ensures costs proposed and charged to the department by consultants, contractors and other external groups are accurate, reasonable and comply with applicable federal and state regulations.

Construction Contracts

Our annual risk assessment and review of contract modifications identifies those modifications exceeding five percent of the total construction dollars and/or total contract time. We selected and examined contract modifications meeting these and other criteria. Construction Contract Modification engagements evaluate contract modifications to ensure proper documentation to support the change, including justification, value determination and appropriate managerial review and approval.

14C-1001: Contract E2N35, District Two

The purpose of this examination of Contract E2N35, Supplemental Agreement (SA) 30, between the department and Archer Western Contractors, Ltd. of Jacksonville, Florida, was to determine whether there was sufficient documentation to support the proposed costs associated with the project and to assess compliance with applicable regulations, as well as department policies and procedures.

The examination determined the billings associated with SA 30 were adequately supported. In addition, the contract and the associated contract changes resulting from SA 30 were adequately monitored by the District Two Construction Office to ensure compliance with department policies and state regulations.

14C-1002: Contract E2P12, District Two

The purpose of this examination of Contract E2P12, Supplemental Agreement (SA) 6, between the department and Anderson Columbia Company, Inc. of Lake City, Florida, was to determine whether there was sufficient documentation to support the proposed costs associated with the project and to assess compliance with applicable regulations, as well as department policies and procedures.

The examination determined the costs for SA 6 were adequately supported. We also concluded the contract changes related to SA6 were sufficiently monitored by the District Two Construction Office to reasonably assure compliance with state regulations and department policies and procedures.

CPA Work Paper Reviews

Certified Public Accountant (CPA) work paper reviews ensure professional standards are followed and adequate testing and support is maintained for the CPA's opinions. We issued the following three CPA work paper reviews.

13C-4002: Atkins North America, Inc.

The purpose of this review was to issue a cognizant letter of concurrence and the objective was to obtain reasonable assurance CliftonLarsonAllen, LLP (CLA), the independent CPA, conducted the overhead audit of Atkins North America in accordance with 2007 Generally Accepted Government Auditing Standards (GAGAS) and the 2010 American Association of State Highway and Transportation Officials Uniform Auditing and Accounting Guide (AASHTO Guide) to ensure the audited rates were in compliance with: accounting practices prescribed by the AASHTO Guide; cost principles of Title 48, Part 31 Code of Federal Regulations (C.F.R.); and Section 112.061, F.S.

The review did not identify any material adjustments to the audited rates. In connection with the review, a cognizant letter of concurrence with the independent auditor's report was issued.

13C-4005: Kaye Kendrick Enterprises, LLC

The purpose of this review was to provide assurance that Kaye Kendrick Enterprises, LLC conducted the audit of Grimail Crawford, Inc.'s Statement of Direct Labor, Fringe Benefits and General Overhead in accordance with 2007 GAGAS and the 2010 AASHTO Guide in order to ensure the CPA-certified rates were in compliance with: accounting practices prescribed by the AASHTO Guide; cost principles of 48 C.F.R. 31; and Section 112.061, F.S.

The review did not identify any adjustments to the audited rates.

13C-4006: GAI Consultants, Inc.

The purpose of this review was to issue a cognizant letter of concurrence and the objective was to obtain reasonable assurance Carr, Riggs & Ingram, LLC (CRI) conducted the overhead audit of GAI Consultants, Inc. (GAI) in accordance with 2011 GAGAS and the 2012 AASHTO Guide. The review was conducted to ensure the CPA-certified rates were in compliance with: accounting practices prescribed by the AASHTO Guide; cost principles of 48 C.F.R. 31; and Section 112.061, F.S.

The review did not identify any adjustments to the audited rates.

Additional Reviews

Turnpike General Engineering Consultants

A review was conducted to evaluate the adequacy and effectiveness of the five Turnpike General Engineering Consultants' (Consultants) internal controls over labor charging process related to Florida department contracts. The five Turnpike consultants reviewed were: HNTB Corporation (HNTB), Atkins North America, Inc. (Atkins), Parsons Brinckerhoff, Inc. (Parsons), Jacobs Engineering Group, Inc. (Jacobs) and URS Corporation Southern (URS). The Consultants' policies and procedures were reviewed for conformity with recommended criteria as established by the AASHTO Guide.

Although we identified noteworthy practices for all five consultants, we also identified four concerns for Parsons and one concern for Jacobs. The four concerns identified for Parsons were: some employees did not record time on a daily basis; some employee timecards were approved prior to completion of approved work activities; supervisors did not approve and cosign all employee timecards; and employees are not required to record all hours worked whether they are compensated or not. We noted only one concern for Jacobs related to the recording of hours for exempt employees. We issued a separate report for each of the five consultants, which included recommendations where concerns were noted, as well as identifying noteworthy practices.

- 13C-3001: [HNTB Corporation](#)
- 13C-3002: [Atkins North America, Inc.](#)
- 13C-3004: [Parsons Brinckerhoff, Inc.](#)
- 13C-3005: [Jacobs Engineering Group, Inc.](#)
- 13C-3006: [URS Corporation Southern](#)

13C-2002: [Port of Miami Tunnel](#)

The purpose of this engagement was to review the Port of Miami Tunnel and Access Improvement Project (POMT). Contract E6F67 is a Public-Private Partnership between the department and MAT Concessionaire, LLC.

While conducting project research to develop an assessment of engagement risks, audit staff identified a number of periodic and ongoing oversight and monitoring processes related to the primary concession agreement, contract E6F67. Upon close inspection, it became apparent the design and construction aspects of the POMT project have been reviewed, monitored and/or evaluated by multiple entities since the execution of the concession agreement. In addition, District Six has been actively addressing any issues identified through the various reviews, detailing their corrective actions. As a result of significant activities related to the concession agreement, and to reduce inefficient duplication of effort, we focused the engagement on the

supporting consultant contracts providing construction engineering and inspection services, design review and construction project management services to the department.

The review identified two minor instances of non-compliance related to timeliness in approving consultant final invoices in the department's Consultant Invoice Transmittal System. These instances of non-compliance are not considered material to the project and are noted as general observations rather than audit findings. Additionally, the review indicated District Six staff adequately monitored project documentation and consultant activities during the audit period.

14C-6005: Business Systems Support Office (BSSO) Procurement

The purpose of this engagement was to review Business Systems Support Offices' (BSSO) Request for Quotes process for the procurement of Information Technology (IT) bid consulting services. This review determined whether BSSO's quotes process was in full compliance with all applicable laws, regulations and department policies and procedures; fair; transparent and unbiased; does not limit competition; and was as efficient and effective as possible.

The review determined BSSO was in compliance with all applicable statutory, regulatory and department requirements. BSSO instituted effective and efficient procurement practices and incorporated appropriate safeguards to ensure a fair and transparent environment. We identified no process deficiencies and determined BSSO surpassed department expectations in all areas we reviewed. We offered three recommendations for management consideration for future outsourced IT projects to help further BSSO's efforts to foster openness and transparency in its procurement process.

14C-6007: Pinellas Suncoast Transit Authority

The purpose of this engagement was to review Pinellas Suncoast Transit Authority (PSTA) expenditures for the Greenlight Pinellas Educational Campaign (Greenlight campaign) to determine whether state funds were used in accordance with laws, rules, regulations and provisions of the grant agreements.

The review disclosed no evidence that PSTA Greenlight Campaign communications contained text prohibited by law. The review further determined PSTA did not use state funds to pay for the Greenlight campaign. The department reimbursed PSTA only for operational assistance and the costs of operations incidental to the provision of public transit services and in specific accordance with the terms of grant agreements. A review of PSTA records disclosed Federal Transit Administration and local funds were used for the Greenlight campaign.

External Audits

Section 20.055 (2)(g), Florida Statutes (F.S.), provides that the Inspector General's role in external audits is to "Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication." Section 20.055 (5)(h), F.S., requires that "The inspector general shall monitor the implementation of the state agency's response to any report on the state agency issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability."

External audits are those audits performed by external agencies on the department or audits of programs that the department participates in or oversees. The Office of Inspector General views external audits and reviews as a partnership with the external audit entity and performs a liaison role between department units and the external entities for purposes of efficiency and thoroughness.

The external audits performed in Fiscal Year 2013-2014 are as follows:

Florida Auditor General

2014-088: Electronic Estimate Disbursement (EED) System – Information Technology Operational Audit, issued 1/22/14.

The Auditor General identified 15 non-confidential and 8 confidential findings concerning the effectiveness of selected general and application information technology (IT) controls applicable to the EED System.

2014-173: State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards, issued 3/31/14.

The Auditor General identified one finding concerning timely reporting of sub-award data by the Department in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS).

2014-184: Payroll and Personnel Processes at Selected State Agencies - Operational Audit, issued 4/10/14.

The Auditor General identified one finding concerning state agency (department) processes and procedures for salary reissuances and avoiding overpayments to third parties for miscellaneous post-tax deductions, including collection of related overpayments from third parties.

2014-187: Surplus Computer Hard Drive Disposal Processes - At Selected State Agencies - Information Technology Operational Audit, issued 4/16/14.

The Auditor General identified one confidential finding. This operational audit focused on information technology (IT) controls applicable to the storage and disposal of surplus computer hard drives at state agencies, including DOT.

2015-002: Contract and Grant Management Processes at Selected State Agencies - Operational Audit, issued 7/2/14.

The Auditor General identified four findings concerning conflict of interest, contract manager training, contract manager conflict of interest and contract payments.

Florida Department of Financial Services (DFS), Division of Accounting and Auditing

Contract/Grant Agreement Review, issued 5/12/2014

DFS identified four findings, relating to scope of work and deliverables, financial consequences, contract and grant management and cost analysis.

Office of Program Policy Analysis and Government Accountability (OPPAGA)

Research Memorandum, issued 2/7/14

As directed by the Legislature, OPPAGA examined red light camera programs implemented by Florida cities and counties. OPPAGA consulted with the Department managers responsible for aspects of the program including data collection and availability and the department's role in the red light program with regard to cities and counties.

Government Accountability Office (GAO)

The GAO conducted two reviews of federally administered programs which involved department staff and information but were not reviews of the department itself. These reviews were the Use of Life-Cycle Cost Analysis in Pavement Selection and the Federal Highway Administration Could Further Mitigate Locally Administered Project Risks.

Federal Transit Administration (FTA)

The Federal Transit Administration conducted a State Safety Oversight Audit of the department's Transit Safety Program. These reviews are conducted once every three years.

Additionally the Federal Highway Administration contacted the department as part of on-going reviews.

Joint Legislative Auditing Committee (JLAC- six-month follow-up responses)

2013-161 Compliance and Internal Controls Over Financial Reporting and Federal Awards, issued 9/24/13. This 6 month update was filed with the Secretary and the JLAC for the 2013 Auditor General Federal Awards audit.

Annual Risk Assessment and Audit Plan Development

Section 20.055 F.S., requires the inspector general conduct and analyze periodic Risk Assessments and assist in the development of an Annual Audit Plan. This year's Risk Assessment was developed following the Institute of Internal Auditors eight-step risk assessment process.

First, we defined our audit universe using the 22 key functions defined in the department business plan. Next, we conducted 31 interviews with senior management, Assistant Secretaries and District Secretaries asking them to identify major risks, areas of concern and possible audit topics.

We identified seven risk factors: full-time equivalent positions, budget materiality, confidential/exempt information, degree of change or stability, complexity of operations, performance measures and procedures. Information was obtained from department systems and management. All risk factors were scored on a scale of 1-10 (1=low risk and 10=high risk). We then applied the average of the seven risk factors, prior audit coverage and Assistant Secretary priority ranking to the potential audit topics. Last, we sorted the potential audit topics based on the final average, to arrive at the final Risk Assessment product.

The Audit Plan was developed using the risks identified by the risk assessment process. The plan dedicates resources to provide: audit coverage of department contracts with contractors and consultants; agreements associated with seaports, airports, railroads, utility companies, expressway authorities, transit providers, local governments and others; and to provide broad audit coverage, while focusing of our resources on areas with the greatest known risks. In addition, approximately 20% of the audit resources were allocated to Chief Inspector General enterprise projects.

Summary of Audit Recommendations and Follow-Up

Section 20.055, F.S., requires the identification of each significant recommendation made during the reporting period and any significant recommendation described in previous annual reports for which corrective action has not been completed. The Audit Section uses the Recommendations and Action Management System (RAMS) tool to ensure the accurate management of all audit findings and recommendations. Manager's use RAMS to provide a quarterly status update for all actions taken. The OIG reviews the responses and then reports the status of all recommendations and findings to senior management.

2011-174: Operational Audit - Financial Management (FM) System-IT

Issued by: Office of Auditor General on April 20, 2011

Of the recommendations made, one remains open.

Recommendation: Contrary to the requirements of the State of Florida General Records Schedule for the retention of access control records, the Department did not retain some network and mainframe access control records.

Status: The Office of Information Systems has completed efforts to produce reports that contain the specific approved access for the Florida Accounting Information Resource (FLAIR) system and additional Application access records. Using these specialized reports, the Office of Comptroller (OOC) should be able to identify all approved access authorizations retained within the Automated Access Request Form (AARF) System related to Financial Management (FM), its subsystems and the Department's accounting system, FLAIR. The Information Security Manager (ISM) shall request these reports and meet with the FM Application Owners by no later than March 30, 2014, to discuss how the information contained within the reports may be leveraged to complete application recertification. As of March 16, 2014, the ISM provided OOC with the necessary reports and scheduled a meeting to discuss how the provided reports may be leveraged to complete application recertification.



Photo courtesy of www.seefloridago.com

INVESTIGATIONS

MISSION STATEMENT

To deter, detect and investigate crimes or misconduct impacting the department.

The focus of the Investigations Section is to pursue 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. Senior Management also actively track complaints received to complement the primary focus of the Section. The Investigations Section follows the Principles and Standards for Offices of Inspector General established by the Association of Inspectors General as required by Section 20.055, F.S. The Investigations Section has been accredited by the Florida Commission for Law Enforcement Accreditation and complies with established accreditation standards.

The OIG has been designated by the Federal Bureau of Investigation as a Criminal Justice Agency and works closely with other agencies, including law enforcement agencies, to perform its mission.

ACCREDITATION STATUS



The Commission for Florida Law Enforcement Accreditation (CFA) was formed in 1993. Initially, the CFA's accreditation process was limited to law enforcement and correctional agencies. The CFA board is comprised of sheriffs; police chiefs; and representatives from the Association of Counties, the League of Cities, the State Law Enforcement Chiefs' Association and the State of Florida Judiciary.

In 2009, an Inspector General was added as a board member and Offices of Inspectors General were offered the opportunity to become accredited. The CFA worked closely with Florida's Inspectors General to develop professional standards for Florida Inspector General investigative functions.

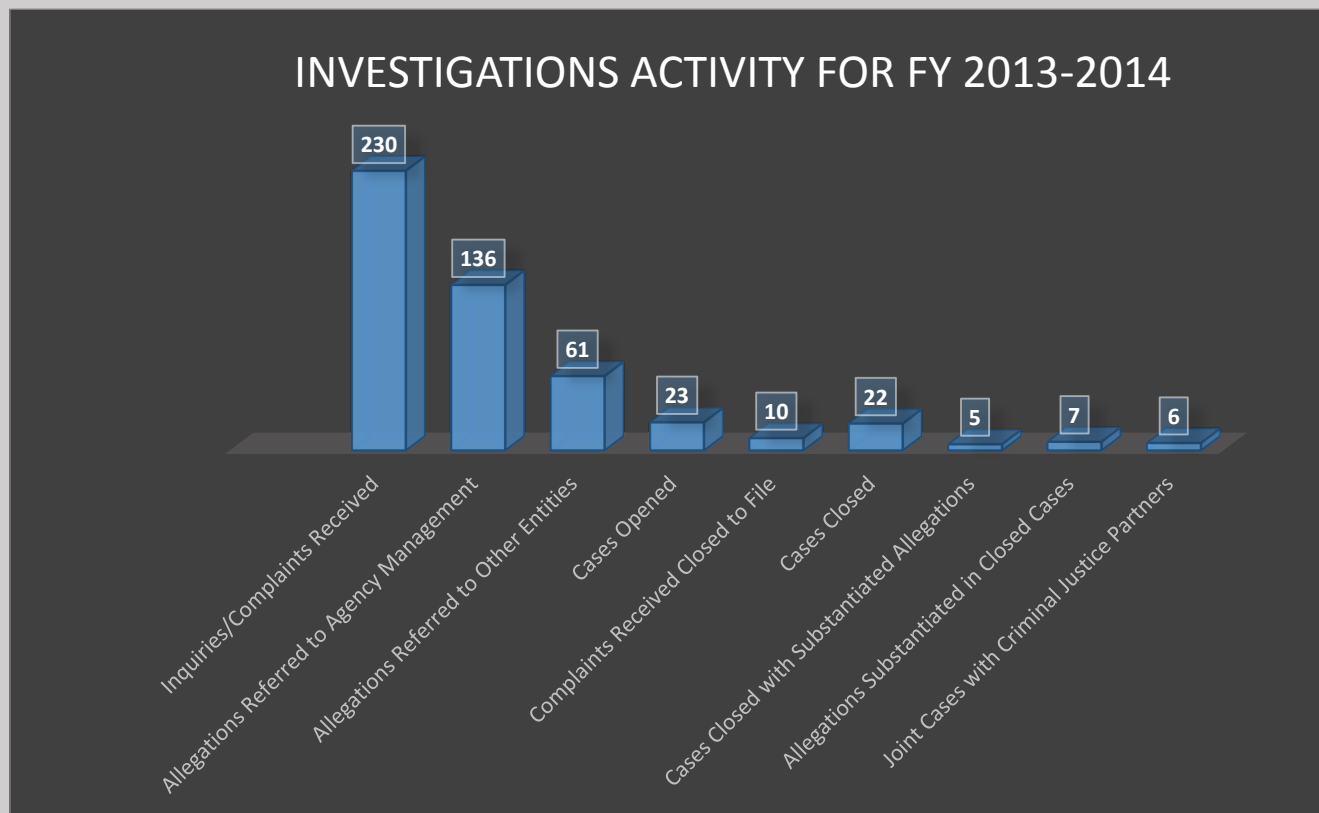
In October of 2009, an assessment team from the CFA arrived to examine all aspects of the Investigations Section's policies, procedures, management and operations. The OIG Investigations Section met approximately 40 compliance standards to receive the accreditation status.

The OIG attained reaccreditation in February 2013 and is preparing for its second reaccreditation in 2015. The OIG continues to evaluate processes to ensure continued compliance with CFA standards.

SUMMARY OF INVESTIGATION ACTIVITIES

The investigative duties and responsibilities of the Inspector General (Section 20.055, F.S.) include:

- Receiving complaints and coordinating activities of the department in accordance with the Whistle-blower's Act pursuant to Sections 112.3187 – 112.31895, F.S.
- Receiving and considering complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conducting, supervising or coordinating inquiries, investigations or reviews as the Inspector General deems appropriate.
- Reporting expeditiously and appropriately to the Department of Law Enforcement or other law enforcement agencies, when the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Conducting investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General or the OIG. This includes freedom from any interference with investigations, timely access to records and other sources of information.
- Submitting timely final reports on investigations conducted by the Inspector General to the Chief Inspector General and the Secretary, except for Whistle-blower's investigations, which are conducted and reported pursuant to Section 112.3189, F.S.



Types of Cases

The Office of Inspector General (OIG) manages several types of cases: substantive investigations, joint investigations, preliminary inquiries, management referrals and other agency referrals.

Substantive Investigations cases typically stem from complaints involving alleged contractor or employee misconduct, which, if proved, would result in significant action against the contractor or employee. The conduct may include alleged violations of applicable laws, rules, policies and procedures. These may result in criminal convictions or terminations.

Joint investigations develop from substantive investigations where the Office of Inspector General finds reasonable grounds to believe there has been a violation of criminal law. When this occurs the facts are reported to the Department of Law Enforcement, the US Department of Transportation Office of Inspector General or other law enforcement agencies, as appropriate. If a criminal investigation is initiated the Office of Inspector General continues to work the investigation jointly with our law enforcement partners.

Preliminary inquiry cases are opened when the Office of Inspector General is not certain whether a full investigation is warranted. The office conducts fact gathering for these types of cases to make a determination of whether to proceed with a substantive investigation.

Management referrals are opened when the Office of Inspector General receives complaints which do not warrant a substantive or preliminary investigation. These complaints are referred to management and monitored until a report of the outcome is received and reviewed by the Office of Inspector General. Complaints originating from operational departments are included in this case type. These complaints are referred to the appropriate department business unit for resolution as deemed appropriate.

Other agency referrals may stem from complaints received by the Office of Inspector General, determined to be unrelated to an operational department issue or within the jurisdiction of another agency. For example, complaints which pertain to a municipal or country road are referred to the appropriate agency having jurisdiction over the matter.

Summary of Case Closures

Investigative activity is conducted to identify facts and circumstances to objectively prove or disprove each allegation. The results of investigative activity are documented in Reports of Investigation published by the Inspector General and disseminated to internal and external customers. The case numbers below include a brief summary of allegations and the investigative outcomes completed during FY 2013-2014.

Investigations Completed – Contract Fraud

150-10190: Accusations were made that a prime contractor for road improvements provided at least twenty-three (23) false “Certification Disbursement of Previous Periodic Payment to Subcontractors” (certifications) to the department regarding payments to subcontractors. The United States Attorney’s Office (USAO) declined prosecution in favor of administrative action taken by the department to prevent future recurrence.

150-12175: Accusations were made that a prime contractor was providing false Certificates of Liability Insurance to the department. The department suspended the contractor and a criminal investigation was conducted by the Department of Financial Services, Division of Insurance Fraud (DFS-DOI). The DFS-DOI presented its investigation to the Office of the State Attorney (OSA) in the 3rd Judicial Circuit for prosecutorial consideration.

150-13092: Accusations were made that a subcontractor installed unapproved fence materials on a contract. It was determined the contractor requested and received approval by a department engineer for the deviation.

150-13113: Multiple accusations were received against a department prime contractor. It was alleged the contractor falsely reported training of Maintenance of Traffic (MOT) personnel, leading to the improper implementation of MOT. It was also alleged the contractor was improperly testing road bed depth, improperly recording, mixing and testing stockpiled materials and was using non-Qualified Product List (QPL) materials. No credible evidence to support the complainant’s allegations was found; however, design issues were identified in relation to the application of a QPL product. This resulted in the contractor making an approved modification in order to comply with the department Standards and Specifications.

150-13169: An accusation was made that a prime contractor failed to comply with contract specifications by removing less than the full quantity of utility pipe as required by the project specifications. It was also alleged the contractor falsely reported training of MOT personnel, leading to the improper implementation of MOT and falsely recorded the mixing and testing of stockpiled materials. The OIG found the Construction Engineering and Inspection staff

assigned to this contract provided detailed oversight to this project and found no credible evidence to support the complainant's allegations.

150-13170: An accusation was made that a prime contractor was responsible for a diesel fuel spill and failed to properly clean up the spill. During this inquiry, the allegation was reported to the Florida Department of Environmental Protection-Office of Emergency Response (DEP-OER). The DEP-OER determined the contractor was the responsible party and the incident was referred to the DEP Bureau of Petroleum Storage Systems for action and remediation.

150-13178: Accusations were made that a subcontractor delivered thermoplastic striping services below the department's required thickness levels on five department projects. It was further alleged the subcontractor submitted inaccurate information on Traffic Marking Certification Worksheets attesting to stripe thickness and retroreflectivity. The subcontractor agreed to restripe the insufficient striping on the five projects and advised that changes would be made to ensure the accurate documentation of stripe thickness and retroreflectivity.

150-14016: Accusations were made that an approved material supplier was providing substandard products and services. It was alleged these actions resulted in "product performance gaps" on a department project. Based on interviews conducted and records reviewed, it was determined the Office of Materials had sufficient information to consider the initiation of administrative action against the material supplier to address the noted discrepancies.

150-14021: Accusations were made that a subcontractor was buying and installing foreign made drainage grates while the project requires American made material. It was also alleged that the subcontractor was installing different drainage grates to those stipulated in the contract. Based on interviews conducted and records reviewed the allegations were disproved.

150-14055: Accusations were made that a state university contracting with the department and a professor from a sub-contracted university failed to contribute their portion of work on a research project, while the complainant, a subcontractor on this research project, claimed he completed the project alone. Based on interviews conducted and records reviewed, the department established that it received an acceptable research report from the university and the complainant was not the sole contributor to the research project. It also determined the university had previously addressed the complainant's concerns. The complainant's allegations were disproved.

150-14057: Accusations were made that a special district (a subdivision of the state), under a Financial Assistance Grant Agreement with the department, did not follow procurement procedures and improperly executed a contract for a lease agreement. This review determined

that under Florida Statute the special district has a dedicated procurement process outlined in statute and followed proper procurement procedures relative to the agreement.

Investigations Completed – Misconduct

152-13024: Accusations were made that a contracted employee exceeded Security and Use of Information Technology Resources guidelines for brief and infrequent use of resources. A review of the contracted employee's Internet usage logs identified visits to non-department related websites, and his admission that he visited non-department related websites for non-business purposes. The investigation was categorized as proved. The employee received a reprimand from the employer.

152-13025: Accusations were made that a contracted employee exceeded Security and Use of Information Technology Resources guidelines of brief and infrequent use of resources. Based on the review of the contracted employee's Internet usage logs identifying visits to non-department related websites, and his admission that he visited non-department related websites for non-business purposes, this investigation was categorized as proved. The contract employer reprimanded the employee.

152-13071: Accusations were made that a contracted employee exceeded Security and Use of Information Technology Resources (ITR) guidelines of brief and infrequent use of resources. There was no evidence to support these allegations. It was determined the employee shared his user ID and password with other staff members in violation of department policy. The employee was counseled regarding the department's policy.

152-13146: Accusations were made that a department employee was untruthful to supervisors when questioned about two events alleging an employee audio recorded conversations with co-workers without knowledge and consent. It was proved the employee audio recorded a staff meeting without the knowledge and consent of other persons present. The employee's employment with the department was terminated.

152-13175: Accusations were made that a contracted employee violated the Security and Use of Information Technology Resources (ITR) policy by having sexually explicit material on their department computer and by installing non-department approved hardware on the computer. During the course of the investigation, it was determined the employee further violated the ITR policy by sharing their user ID and password with a co-worker. The employee's employment with the department was terminated.

152-14008: Accusations were made that Florida's Turnpike Enterprise (FTE) has a policy requiring prime contractors to "sole source" the supply of off-duty police officers for FTE

Maintenance of Traffic needs through the Florida Highway Patrol's (FHP) Troop K. An inquiry found the Department of Highway Safety and Motor Vehicles (DHSMV) OIG conducted an audit of FHP's "Off-Duty Police Employment" (ODPE) and found "the current policies and procedures that govern ODPE within the FHP do not provide sufficient internal controls or mechanisms." The DHSMV OIG's audit provided recommendations which were implemented by FHP statewide. Based on these recommendations, FTE policy was also modified.

152-14094: Accusations were made that a former department employee received kickbacks from a contractor for showing preferential treatment while employed with the department. A preliminary inquiry found no evidence to support the complaint and the matter was categorized as closed.

152-14104: Accusations were made that a department manager improperly attempted to have a citation dismissed. Based on the investigative findings, it was determined the manager acted within their authority when requesting the citation be dismissed by the court. The matter was categorized as closed.

152-14115: At the request of management, a review of a department office was conducted due to concerns over staffing and functionality issues. As a result of this review, organizational and staffing changes were implemented by management.

156-13096: This investigation was initiated based on a request from the Department of Corrections (DOC) OIG to assist in the investigation of alleged misconduct by a Corrections Officer assigned to supervise a DOC Work Crew. The Corrections Officer was suspected in the theft of fuel from a Department of Transportation (DOT) maintenance yard. Our investigation revealed a DOT employee shared their fuel PIN number with the officer who used the number to obtain fuel. The department employee had no knowledge of the alleged misconduct by the Corrections Officer and received a written reprimand for sharing their PIN number in violation of department policy.

Investigations Completed – Right of Way

160-14038: At the request of management, a review was conducted of documents submitted by an individual regarding a right-of-way property acquisition. The individual believed the department was a victim of fraud during the acquisition of this property. A review of the documents revealed no evidence to support the individual's assertion that the department was a victim of fraud.



2010 photo courtesy of Len Kaufman -Photographer

QUALITY ASSURANCE & OPERATIONS SUPPORT

MISSION STATEMENT

Ensure quality audit and investigative products fully comply with all professional and office standards and support the operations of the Office of Inspector General.

The Quality Assurance and Operations Support (QAOS) Section provides quality assurance and operations support to the Office of Inspector General. This section is responsible for the development and publication of the annual report, office media production and assisting with the Annual Risk Assessment and the Audit Plan development.

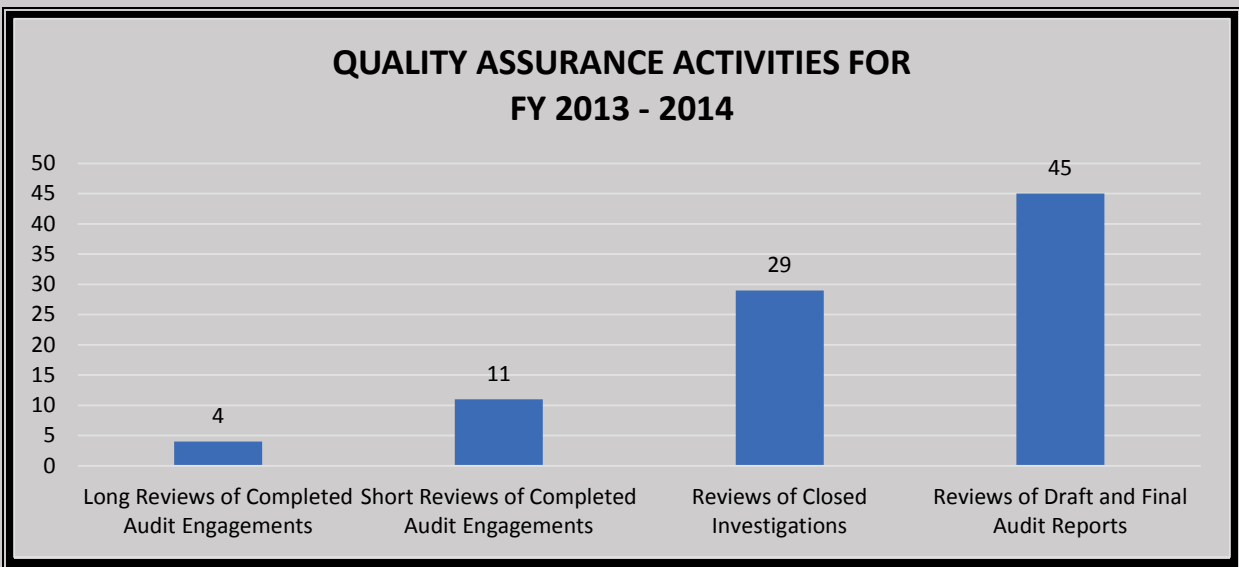
SUMMARY OF QUALITY ASSURANCE AND OPERATIONS SUPPORT ACTIVITIES

Statutory Activities

Quality Assurance - Florida Statutes require audits to be conducted in accordance with professional standards. The QAOS Section performs periodic assessments to ensure the engagement process is performed in compliance with Government Auditing Standards and the International Professional Practices Framework, published by the Institute of Internal Auditors.

Quality assurance activities include completed engagement reviews to ensure compliance in all phases with specified professional standards and OIG procedures. These reviews consist of short and long reviews. A long review includes the same requirements as a short review, with a more in-depth assessment of working paper documentation, documented and timely supervisory review. There were eleven short reviews and four long reviews conducted on completed engagements during this review period.

All draft and final reports, audit and investigations, are reviewed to ensure adherence to standards for report writing, clarity, consistency, use of proper grammar and tone. The QAOS section reviewed 29 closed investigation reports and memorandums prior to release, and 45 audit reports prior to publication.



Annual Report - Florida Statutes require each inspector general to prepare an annual report, no later than September 30 of each year, summarizing the activities of the office during the immediate preceding fiscal year. The final report is furnished to the Chief Inspector General and the Secretary. The QAOS Section is responsible for compiling and producing this report. The report includes statistics of cost coverage and cost avoidance, summaries of significant audits and investigations, and identifies each significant recommendation described in previous annual reports for which corrective action is not complete.

Support Activities

Administrative Support - The QAOS Section is responsible for all budget, information technology infrastructure, inventory management, records retention, purchasing and support activities for the Office of Inspector General.

Training - The QAOS Section is responsible for tracking all staff training. Training is designed to ensure staff are competent to perform the mission of the OIG, and are compliant with applicable professional standards as required by statute. The training database is also used by audit and investigative staff to maintain applicable certifications. Reports obtained from this database are used during the Auditor General's Quality Review.

Media Production - The QAOS Section produces the annual report, compiles and produces the OIG newsletter, *Office of Inspector General Examiner*. The office uses the newsletter to provide opportunities to share information, alerts and latest developments with management, staff and district personnel.

Sections of the newsletter include: the Inspector General Corner; updates from the Audit, Investigations and QAOS sections; cross-feed articles which highlight potential district wide issues from reviews and investigations conducted; and OIG bulletin board news which provides news and pictures regarding the OIG staff.

Systems Administration - The QAOS Section administers and maintains Replicon, the OIG's project management system. This system provides information for the Chief Inspector Generals' quarterly reporting and tracks project/budget hours for project management and performance measurement.



REPORT FRAUD

WASTE, ABUSE & MISCONDUCT

Call the Fraud Hotline:

1-800-255-8099

or

Report On-line:

www.dot.state.fl.us/InspectorGeneral/Fraud

It's Never the Wrong Time to do the Right Thing

ANNUAL REPORT WORKGROUP

Robert E. Clift * Kristofer Sullivan * Howard Greenfield

Amy Furney * DeGreta Corbin