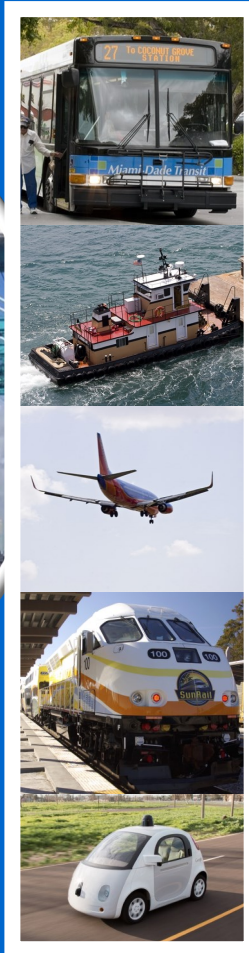


Florida Department of Transportation

OFFICE OF INSPECTOR GENERAL



ANNUAL REPORT

Fiscal Year 2015-2016

MESSAGE FROM THE INSPECTOR GENERAL

It is my pleasure to submit this Annual Report on the operations of the Florida Department of Transportation's Office of Inspector General (OIG), which covers the period from July 1, 2015 to June 30, 2016.

During this period, the OIG's audit section worked extensively with the department's districts and program offices to help ensure the efficiency and effectiveness of department programs. We issued 34 audit products examining topics such as compliance by the department's Intelligent Transportation Systems Traffic Management Centers with equipment inventory requirements. Although we determined in most cases property was properly accounted for, when it wasn't, district offices were able to use our findings to make needed corrections before our reports were completed. Other projects included a review of an overhead rate proposal issued by CSX Transportation, Inc. (CSXT). We determined the complexity of their procedures produced rates we could not reconcile to accounting data or recommend for the department's approval. This led to extended coordination with the railway, their consultant external audit staff, the department's program office, and our Federal Highway Administration partners. As a result, CSXT made accounting system enhancements to simplify the data compilation and rate calculations while increasing transparency and accountability for future rate submissions.

Our investigative efforts continue to help deter and detect activities that jeopardize the department's resources. We issued 28 investigative reports examining topics such as resolving an allegation by a contractor that consultants compromised system safety by removing track spike screws on a department rail corridor. We determined the consultants merely identified already loosened spike screws. As a result, changes were made in the way track deficiencies are documented. An investigation into false claims for payment by a department sign and striping contractor revealed both the false claims and a department employee who authorized payments for work that wasn't performed. This joint investigation with the Florida Department of Law Enforcement resulted in criminal charges, a conviction, and payment of restitution. Key to the fraud and misconduct deterrence aspect of our mission, we conducted 14 awareness briefings statewide attended by 1,065 department employees and partners in industry.

We look forward to continued close coordination with the Secretary, the agency leadership team, members of the department team, and our statewide partners in industry to help meet challenges and opportunities presented to keep the transportation infrastructure in Florida robust, multi-modal, and safe.

Respectfully submitted,



Robert E. Clift
Inspector General
September 28, 2016

TABLE OF CONTENTS

- 2** Introduction
- 3** Mission and Vision
- 4** Organizational Structure

AUDIT

- 5** Audit Activity (at-a-glance)
- 6** Audit Reports Issued by District (at-a-glance)
- 7** Contract Audit
- 8** Intermodal Audit
- 10** Performance and Information Technology Audit
- 12** Internal Control Overview
- 13** External Audits, Six-Month Updates, Significant Audit Recommendations
- 14** Annual Risk Assessment and Work Plan
- 15** Auditor General Peer Review

INVESTIGATIONS

- 16** Investigations Activity (at-a-glance)
- 17** Investigations Cases Completed by District (at-a-glance)
- 18** Case Types, Duties and Responsibilities
- 19** Cases Completed: Contract Fraud
- 22** Cases Completed: Misconduct
- 25** Fraud Awareness Briefings
- 26** Reaccreditation

QUALITY ASSURANCE and OPERATIONS SUPPORT

- 27** Quality Assurance and Operations Support Activity (at-a-glance)
- 28** Duties and Responsibilities
- 29** Training, Certifications, and Affiliations
- 30** Inspectors General Community Consistency Review
- 31** Employee Acknowledgement

Photos in this report courtesy of www.seefloridago.com unless otherwise indicated.

Cover: www.seefloridago.com, worldmaritimeneeds.com, TBO.com/SunRail [Tampa Bay Online], and www.google.com/selfdrivingcar

INTRODUCTION

The Office of Inspector General's (OIG) role is to provide a central point for coordination and responsibility of activities that promote accountability, integrity, and efficiency in the department.

In summary, the Office of Inspector General's duties and responsibilities are to:

- Provide direction, supervise, and coordinate audits, investigations, and management reviews relating to the department's programs and operations;
- Conduct, supervise, or coordinate other activities funded by the department for promoting economy and efficiency, preventing and detecting fraud and abuse in programs and operations;
- Keep the department Secretary and Chief Inspector General informed of fraud, abuse, and deficiencies related to programs and operations funded by the department and recommend corrective actions as well as report on the corrective actions progress;
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies to avoid duplication;
- Ensure an appropriate balance between audit, investigative, and other activities; and
- Comply with the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

Section 20.055(8)(a), Florida Statutes, requires an annual report submitted by September 30 each year describing activities conducted in the prior 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 agency programs and operations disclosed by investigations, audits, reviews, or other activities during the reporting period;
- A description of recommendations for corrective action made by the Office of Inspector General during the reporting period;
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed; and
- A summary of each audit and investigation completed during the reporting period.



OIG's **MISSION**

To promote integrity, accountability, and process improvement in the Department of Transportation by providing objective, fact-based assessments to the Department of Transportation team.



OIG's **VISION**

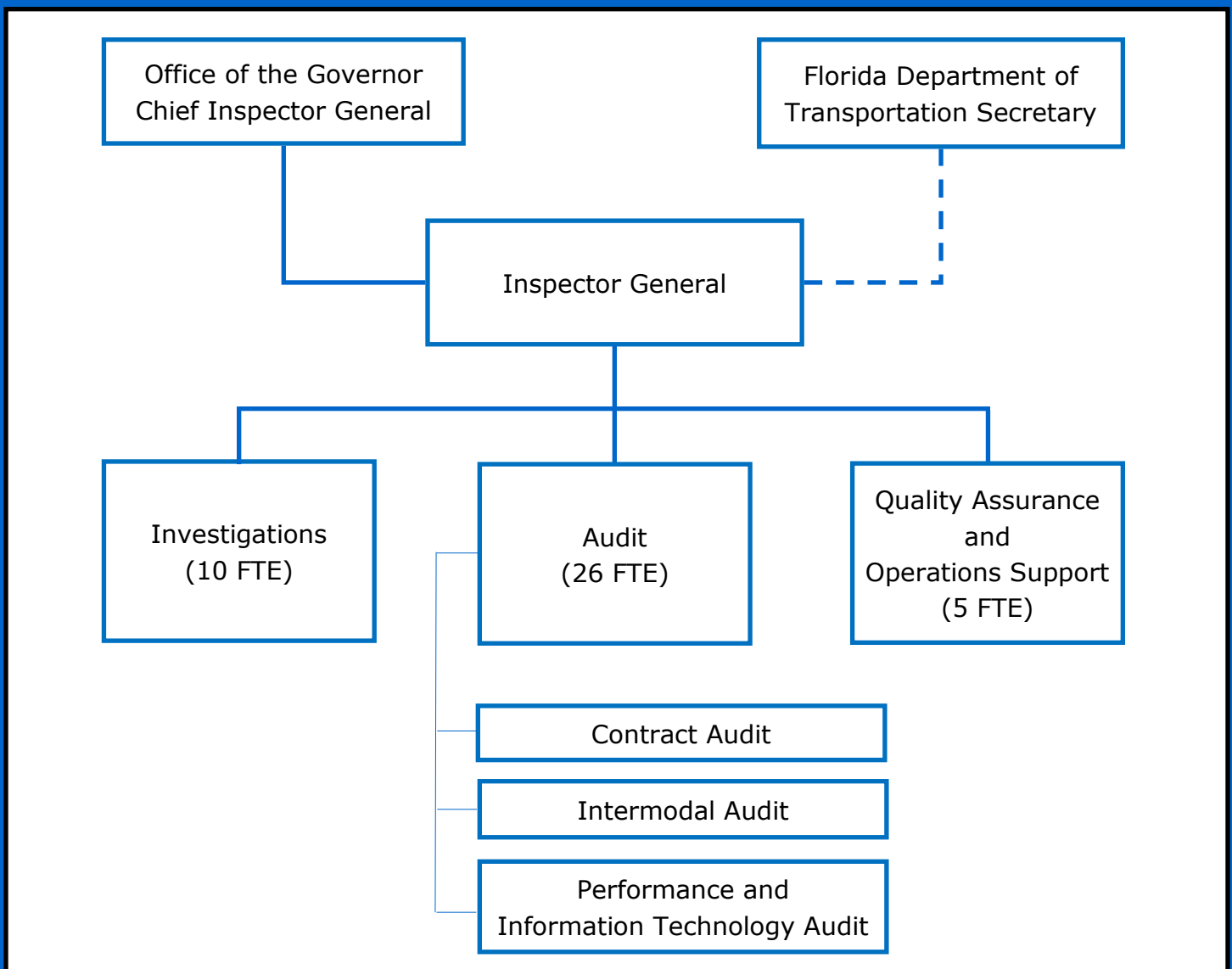
To be:
Championed by our customers;
Benchmarked by our counterparts; and
Dedicated to quality in our products and services.

ORGANIZATIONAL STRUCTURE

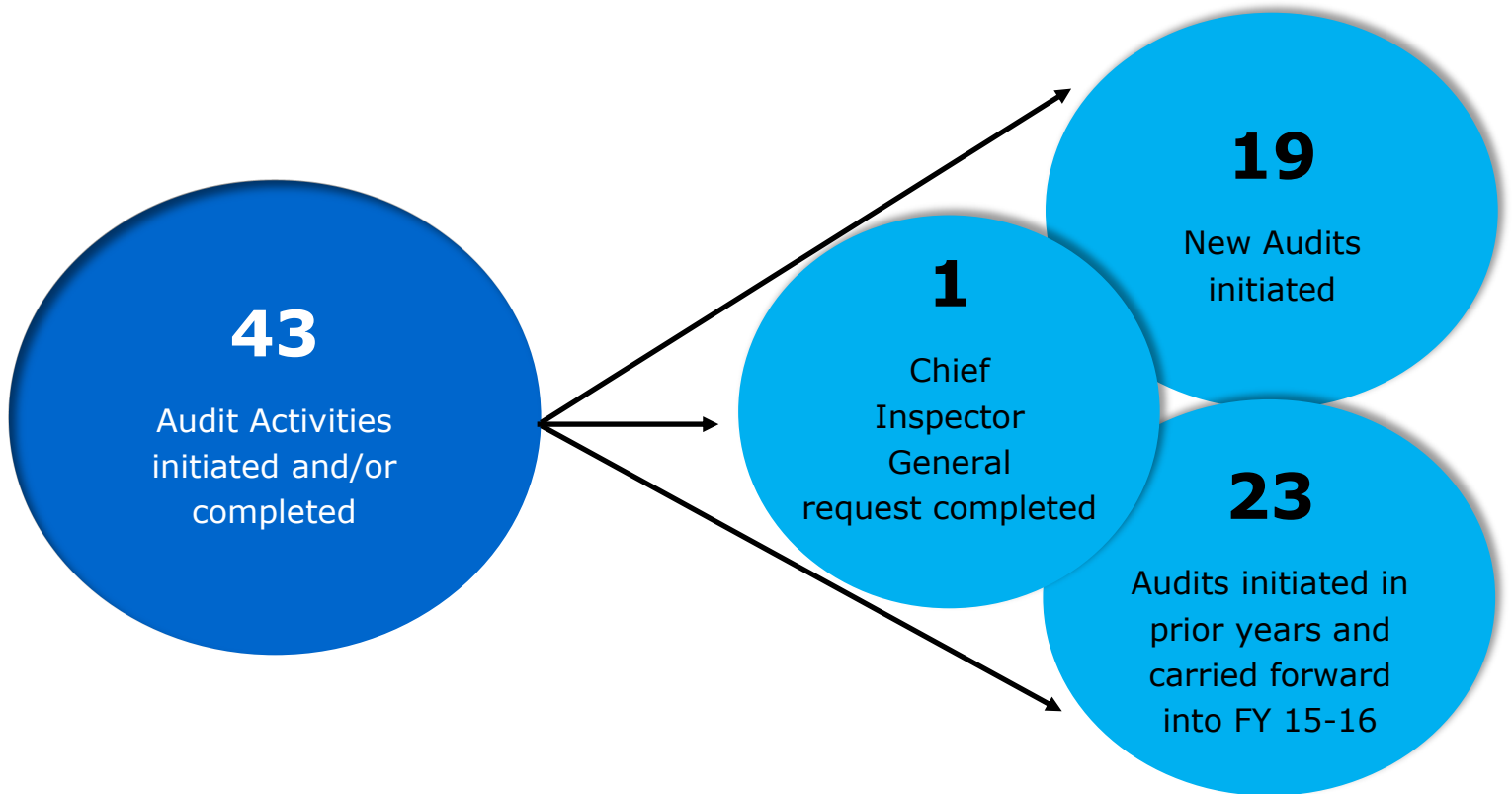
The Inspector General reports to the Governor's Chief Inspector General and is under the Florida Department of Transportation Secretary's general supervision for administrative purposes as prescribed by statute.

The OIG is staffed by 42 full-time equivalent (FTE) employees:

- ◆ The Inspector General;
- ◆ One Director and nine Investigations team members;
- ◆ One Director, three Managers, and 22 Audit team members; and
- ◆ One Manager and four Quality Assurance and Operations Support team members.



AUDIT ACTIVITY



15 Audit Reports issued

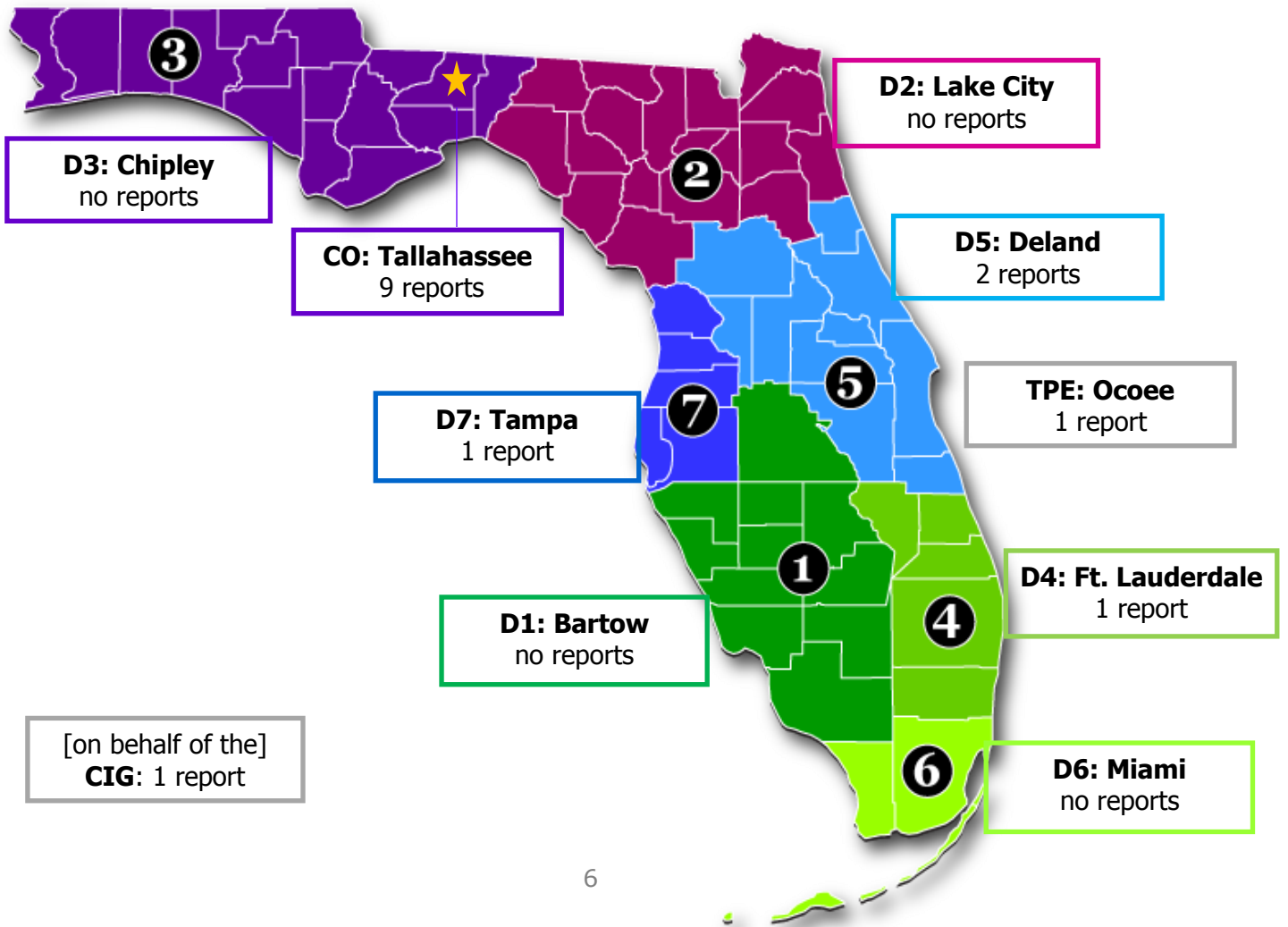
19 Other Products issued, including memorandums, internal reports, and forensic reviews completed

33 External Audits and Reviews coordinated for outside agencies and other external requests completed

9 Audit Reports with open recommendations

AUDIT REPORTS BY DISTRICT

Central Office (CO):	Department Monitoring of Utility Relocation Projects Documentation Review of Carr, Riggs & Ingram, LLC Fringe Benefit and Employee Leave Rates Highway Safety Improvement Program Indirect Cost Rates for FY 2015-16 Internal Control Overview ITS Review—Follow Up to 13-5002a Information Technology ITS Review—Follow Up to 13-5002b ITS Contracts Utility Overhead Certification
District Four (D4):	ITS Inventory
District Five (D5):	Contract Modification Review E5R16 Space Florida
District Seven (D7):	Contract Modification Review T7213
Turnpike Enterprise (TPE):	Contract Modification Review E8M60
Chief Inspector General (CIG):	Enterprise Assessment of Computer Security Incident Response Teams



AUDIT

Audit Section's **MISSION**

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

Contract Audit

Performs audits, examinations, reviews, agreed-upon procedures, and special analyses of contracts and agreements between the department and external entities. The analyses ensure costs proposed and charged to the department by consultants and contractors are accurate, reasonable, and comply with applicable federal and state regulations.

15C-1002: District Seven—Contract Modification Review T7213

The purpose of this review was to assess compliance with applicable regulations as well as department policies and procedures. Our review confirmed this District Seven project met department supplemental agreement approval requirements found in the 2007 Standard Specifications for Road and Bridge Construction and the Construction Project Administration Manual.

15C-4004: Documentation Review of Carr, Riggs & Ingram, LLC and a Cognizant Letter of Concurrence

We conducted a review of workpapers prepared by the independent certified public accountant (CPA) Carr, Riggs & Ingram, LLC for their audit of GAI Consultants' Statement of Direct Labor, Fringe Benefits, and General Overhead for the year ended December 31, 2014. This review was requested by the consultant in order to establish cognizant approved indirect cost rates. Our review did not identify any material adjustments to the audited rates. In connection with our review, we issued a cognizant letter of concurrence with the independent CPA's report.

16C-1001: Turnpike Enterprise—Contract Modification Review E8M60

The purpose of this review was to assess compliance with applicable regulations as well as department policies and procedures. We determined the Turnpike Enterprise adequately monitored contract E8M60 and the associated contract changes resulting from any supplemental agreements.

AUDIT

Contract Audit (continued)

16C-1002: District Five—Contract Modification Review E5R16

The purpose of this review was to determine compliance with applicable regulations as well as department policy and procedures for time extensions, allowable costs for extra work, and contract provisions, laws, and rules. We determined these supplemental agreements were supported and District Five's contract administration complied with requirements.

Intermodal Audit

Performs audits and reviews to determine if recipients of state financial assistance and subrecipients of federal pass-through funds are carrying out the program's purpose and associated costs are allowable pursuant to the department's agreements. Engagements consist of railroad labor additive rates, transportation authorities, airport, seaport, and transit grants, utility relocation costs, indirect cost allocation and fringe benefit rates, as well as other accounting services.

13I-3004: Space Florida—Joint Participation Agreement AQJ66

The purpose of this examination was to test District Five's monitoring of Space Florida's compliance with the agreement's project requirements and applicable rules, regulations, and procedures; verify whether procurement procedures were carried out in accordance with applicable guidelines; and determine if invoiced costs were reasonable, allowable, and adequately supported. We determined there were inconsistencies pertaining to the Florida Single Audit Act and related monitoring activities. Invoice backup documentation was sufficient and substantiated invoiced costs.

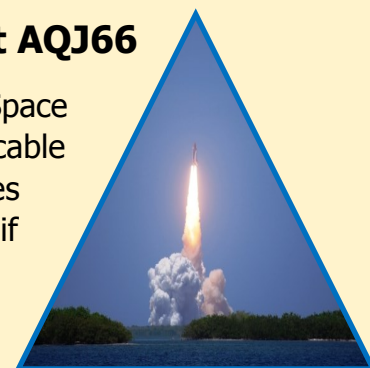


Photo courtesy of therealdeal.com

14I-5003: Department Monitoring of Utility Relocation Projects



We reviewed 10 Florida Power & Light (FPL) utility relocation contracts executed between July 1, 2008 and June 30, 2014 that contained department expenditures from Districts One, Two, Four, Five, Six, and Turnpike Enterprise. Of the 10 FPL utility relocation contracts chosen for review, 8 were cost reimbursement contracts and 2 were lump sum contracts. We determined adequate monitoring was not being performed and provided recommendations to the department's Program Management Office.

AUDIT

Intermodal Audit (continued)

15I-9001: Highway Safety Improvement Program



The purpose of this engagement was to determine if the department funded the most appropriate projects under the Highway Safety Improvement Program. We determined the department complied with federal regulations by developing, implementing, and updating a Strategic Highway Safety Plan that identified and analyzed highway safety problems and opportunities. Each of the districts' projects was an appropriate use of the Highway Safety Improvement Program's funds.

16I-5001: Utility Overhead Certification

As part of the OIG's efforts to monitor compliance with Title 23, Part 645.117(d)(2), Code of Federal Regulations, we requested written assurance from utility companies that utility relocation projects included only allowable costs. The companies who received \$100,000 or more in federal pass-through funds from the department all complied and submitted written assurances.

16I-6001: Fringe Benefit and Employee Leave Rates

We conducted an examination of the department's fringe benefit and employee leave rate schedules for state fiscal year 2015-16. This engagement was conducted in accordance with Title 2, Part 225, Code of Federal Regulations, and the Federal Highway Administration's partnership agreement. We determined the rates were based on actual amounts and calculated correctly.

16I-6002: Indirect Cost Rates for Fiscal Year 2015-16

We conducted an examination of the department's proposed indirect cost allocation rates for fiscal year 2015-16, based on actual costs incurred during fiscal year 2014-15. Our examination found the indirect cost allocation rates were established in accordance with governing regulations (Title 2, Parts 225 and 220, Code of Federal Regulations).



Image courtesy of 3playmedia.com

AUDIT

Performance and Information Technology Audit

Performs audits and management reviews of the department's organizational units, programs, activities, and functions. This includes work classified as program evaluations, program effectiveness and results audits, economy and efficiency audits, operational audits, and value-for-money audits. Performance audits provide information to improve program operations, facilitate decision-making by department management who oversee or initiate corrective action, and contributes to accountability.

For information technology, evaluates the implementation, availability, and integrity of information technology resources in accordance with statutes, rules, policies, procedures, and industry standards as well as measures the department's quality of information technology services.

15P-1004: Intelligent Transportation Systems (ITS) Review Follow-up to 13P-5002b ITS Contracts

Audit Report No. 13P-5002b, issued March 14, 2014, detailed the evaluation of the ITS operations and field device maintenance contracts. The purpose of engagement 15P-1004 was to perform a follow-up review of the four findings and recommendations made in the prior report and determine the current status of corrective actions by ITS. We verified management has initiated or completed the corrective actions addressing all the findings and recommendations from Audit Report No. 13P-5002b ITS Contracts, except one.



15P-1005: District Four—ITS Inventory

We conducted an audit of District Four's ITS process and adherence to the department's procedural requirements for the proper accountability and reporting of tangible personal property (TPP). The purpose was to determine if ITS operations has appropriate controls in place. We determined District Four ITS made substantial efforts to comply with the department's Procedure No. 350-090-310, Tangible Personal Property requirements for internal controls over TPP. The district fully complied with three of the four provisions, and prior to the completion of our audit, District Four's ITS Manager corrected inaccuracies of the fourth provision.



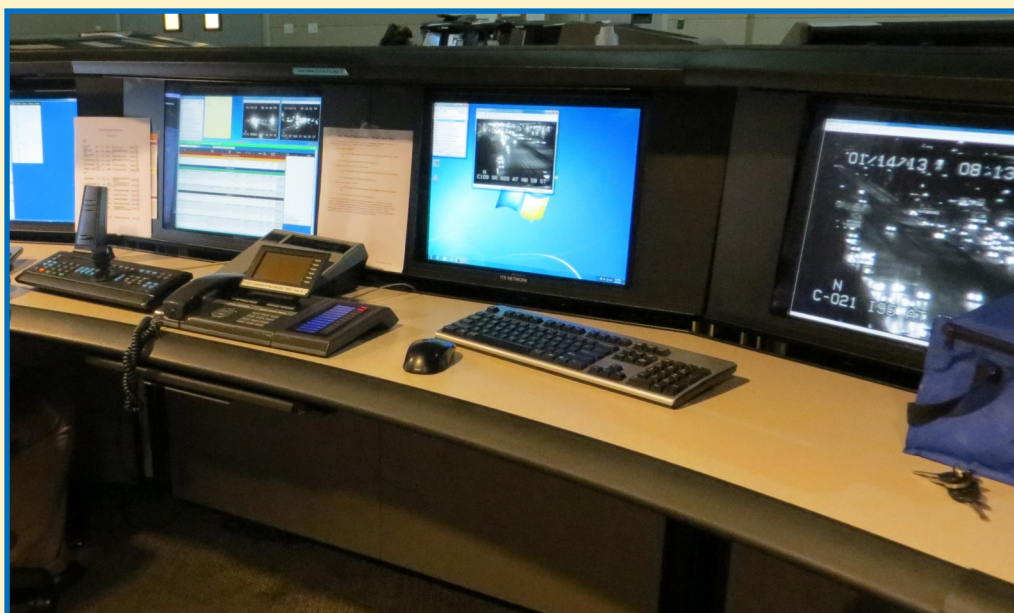
Images courtesy of smartsunguide.com

AUDIT

Information Technology Audit (continued)

15P-5005: Intelligent Transportation Systems (ITS) Review Follow-up to 13P-5002a Information Technology

We performed a follow-up review to determine the status of corrective actions made by management to address the findings and recommendations of ITS Review - Information Technology Audit Report No. 13P-5002a, issued on November 25, 2013. We reviewed documentation and interviewed personnel from central office and the district responsible for ITS as well as Traffic Engineering and Operations' Offices. During our review, we verified management completed corrective actions addressing all findings and recommend ITS management continue monitoring corrective actions implemented to ensure they remain in place to address the original findings.



16P-5004: Chief Inspector General—Enterprise Assessment of Computer Security Incident Response Teams (CSIRT)

The Governor's Chief Inspector General assembled a multi-agency team (led by the Florida Department of Transportation's OIG) to conduct an enterprise assessment of information technology security. The project's primary objective was to identify Governor's agencies' level of readiness to detect and respond to cybersecurity events. The project's scope was limited to the response function of the Florida Cybersecurity Standards established in Rule 74-2.005, Florida Administrative Code. The project report provided a gap analysis of current agency processes and procedures for detecting and responding to cybersecurity events as required by the rule, effective March 10, 2016.

AUDIT

Internal Control Overview

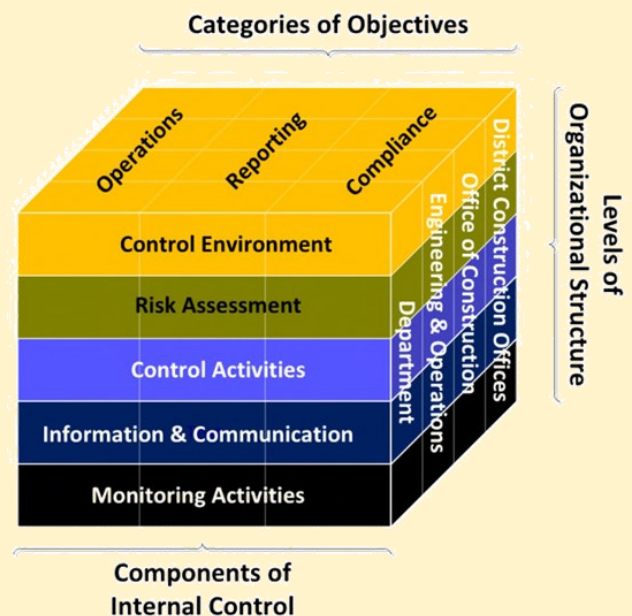
The purpose of this project was to provide the department with attributes and examples of internal controls to assist in developing processes and managing daily operations.

Internal Control is a continual process by which the department managers and personnel address perceived and assessed risks. They perform specific activities to ensure the department is operating as effectively and efficiently as possible while achieving its objectives. The department sets overall goals and objectives, monitors progress, and publishes the results for all Florida citizens to view.

There are three categories of objectives when assessing internal controls: operational, reporting, and compliance requirements. Additionally, there are five components of an internal control system:

1	Control Environment	The TONE or attitude management conveys about the relative importance of following rules, regulations, and control procedures on a daily basis;
2	Risk Assessment	The likelihood and IMPACT of internal control risks from internal and/or external sources to a given area;
3	Control Activities	The POLICIES , procedures, techniques, and mechanisms (the day to day processes) management delegates and enforces to address known or perceived control risks;
4	Information and Communication	The source and quality of the raw DATA each division or the department uses to support its activities and ensure the correct personnel receive the data timely; and
5	Monitoring	The ASSESSMENTS performed to determine how well control activities are working to prevent risks from causing failure of the department to meet its operational, reporting, and compliance objectives.

For the full Internal Control Overview report, please visit our website and view under News at:
www.dot.state.fl.us/inspectorgeneral
 or www.fdot.gov/ig (effective 10/7/2016)



AUDIT

External Audits

Section 20.055(2)(g), Florida Statutes, describes the inspector general's role in external audits to "Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication." During the year, we coordinated seven external audits and reviews from which the Auditor General released two reports:

Florida Auditor General

[2017-004: FDOT - Comprehensive Risk Assessment at Selected State Agencies](#)

[2016-159: Compliance and Internal Controls Over Financial Reporting and Federal Awards](#)

Six-Month Updates

Section 20.055(6)(h), Florida Statutes, requires "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." We provided the statutorily mandated six-month updates for the following Auditor General audits, which were filed with the Joint Legislative Auditing Committee, and submitted copies to the Governor's Chief Inspector General and the Department of Transportation's Secretary.

Joint Legislative Auditing Committee

2015-166: Compliance and Internal Controls Over Financial Reporting and Federal Awards

2016-159: Compliance and Internal Controls Over Financial Reporting and Federal Awards

Significant Audit Recommendations

Section 20.055(8)(c)4., Florida Statutes, requires the OIG to identify significant recommendations described in prior annual reports where corrective action has not been completed.

Finding 13P-5002b ITS Contracts: OIG found the average cost per managed mile was \$22,945 statewide for FY 2012-13. Furthermore, the ITS program methodology for projecting funds does not reflect actual expenditures for ITS services.

Recommendation 13P-5002b ITS Contracts: OIG recommended the State Traffic Operations Engineer determine executive board's perspective on appropriate ITS service levels, revise ITS program funding methodology to reflect priorities, and develop a centralized approval process to justify additional proposed district expenditures to ensure consistent service to the traveling public statewide.

Status: Central Office and districts developed ITS Maintenance Workload Formulas for future maintenance funding needs, which will be finalized in Fall 2016.

AUDIT

Annual Risk Assessment and Work Plan

Section 20.055(6)(i), Florida Statutes, and professional audit standards requires the OIG to develop risk-based, long-term and annual audit plans, which consider resources and input from the department's senior management.

We used the Institute of Internal Auditors' Research Foundation's 8-step assessing risk process to develop our methodology. We defined 22 key department functions as our auditable units.

Risks were identified through interviews with 37 key stakeholders and the following risk factors:

- Degree of Change or Stability – determine if any new information technology was implemented, plans for reorganization or staff turnover, and if any new federal/state programs impact the functional area.
- Risk Type – determine the risk type (operational, compliance, financial, legal, and reputational) based on the functional manager's identified topic and area of concern.
- Performance Measures – determine if performance measures are in place and if the performance measures are meaningful.
- Procedures – determine the number per office and if current or out-of-date.
- Confidential/Exempt Information – determine if the functional area produces, handles, or stores any confidential and/or exempt information.
- Full Time Equivalent (FTE) – identify number of FTEs in each functional area.
- Budget Materiality – identify this year's allotments and last year's expenditures in each functional area.

WORK PLAN

Developed from the risk assessment topics with resources dedicated to auditing department processes, contractor and consultant contracts, intermodal grant programs, and examining federal reimbursement rates.

Once the risks were assigned measurable weights, we established scoring mechanisms, such as a 1-10 scale and yes/no questions, then applied averages to potential audit topics identified by the department's senior management. We presented the potential audit topics to the Department of Transportation's Secretary for consideration and a final risk ranking.

[The 2016-17 Work Plan](#) was developed from the risk assessment topics with resources dedicated to auditing department processes, contractor and consultant contracts, intermodal grant programs, and examining federal reimbursement rates. Additionally, we retained 20 percent for the Chief Inspector General's requests and 20 percent for department management requests. Our 2016-17 Work Plan is comprised of 60 auditable topics.

AUDIT

Auditor General Peer Review



Section 11.45(2)(i), Florida Statutes, requires the Auditor General once every three years to review a sample of internal audit reports and determine the OIG's compliance with current *International Standards for the Professional Practice of Internal Auditing* or, if appropriate, *Government Auditing Standards*.

Auditor General's opinion:

OIG's internal audit activity was adequately designed. . . to provide reasonable assurance of conformance with applicable professional auditing standards.

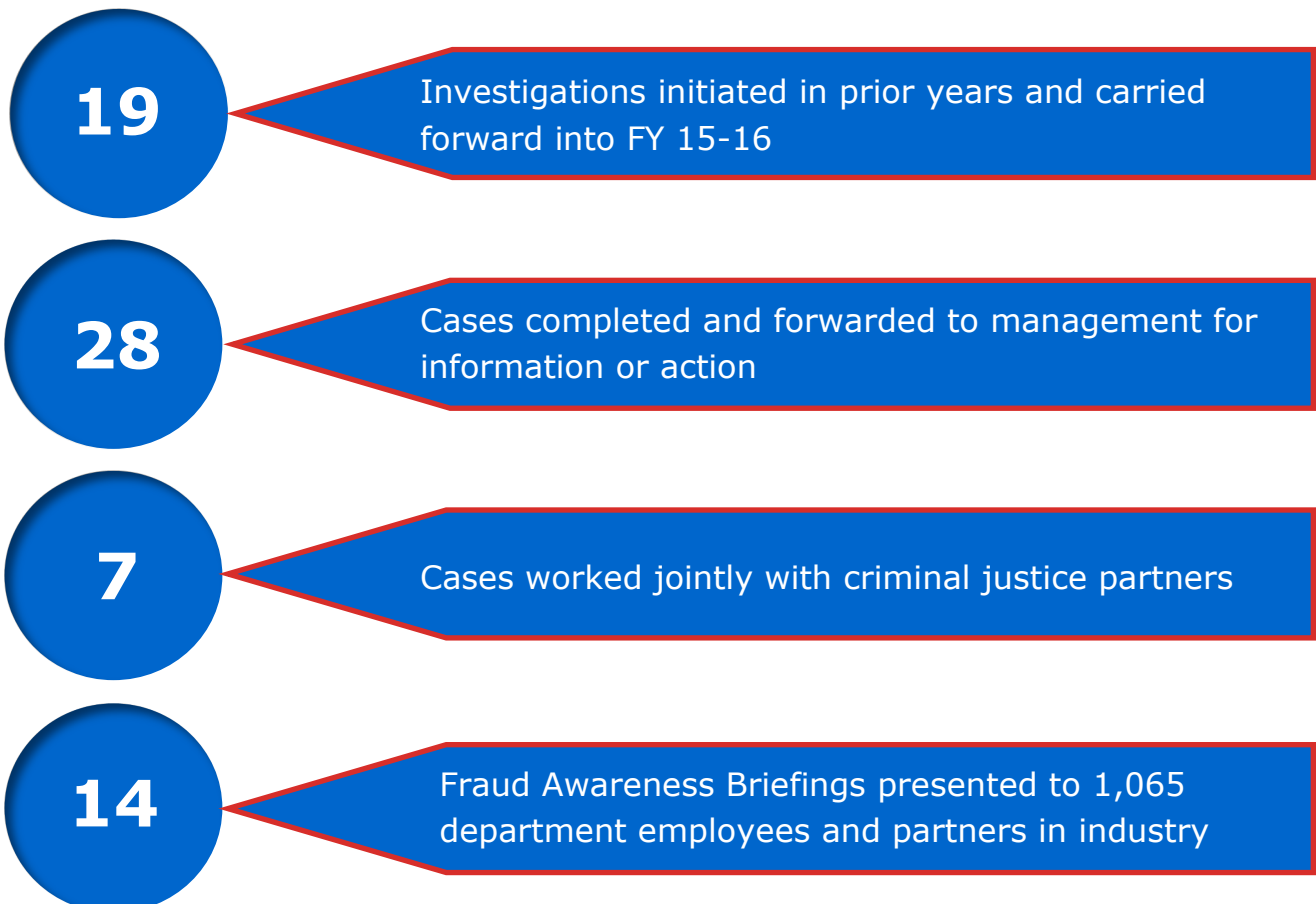
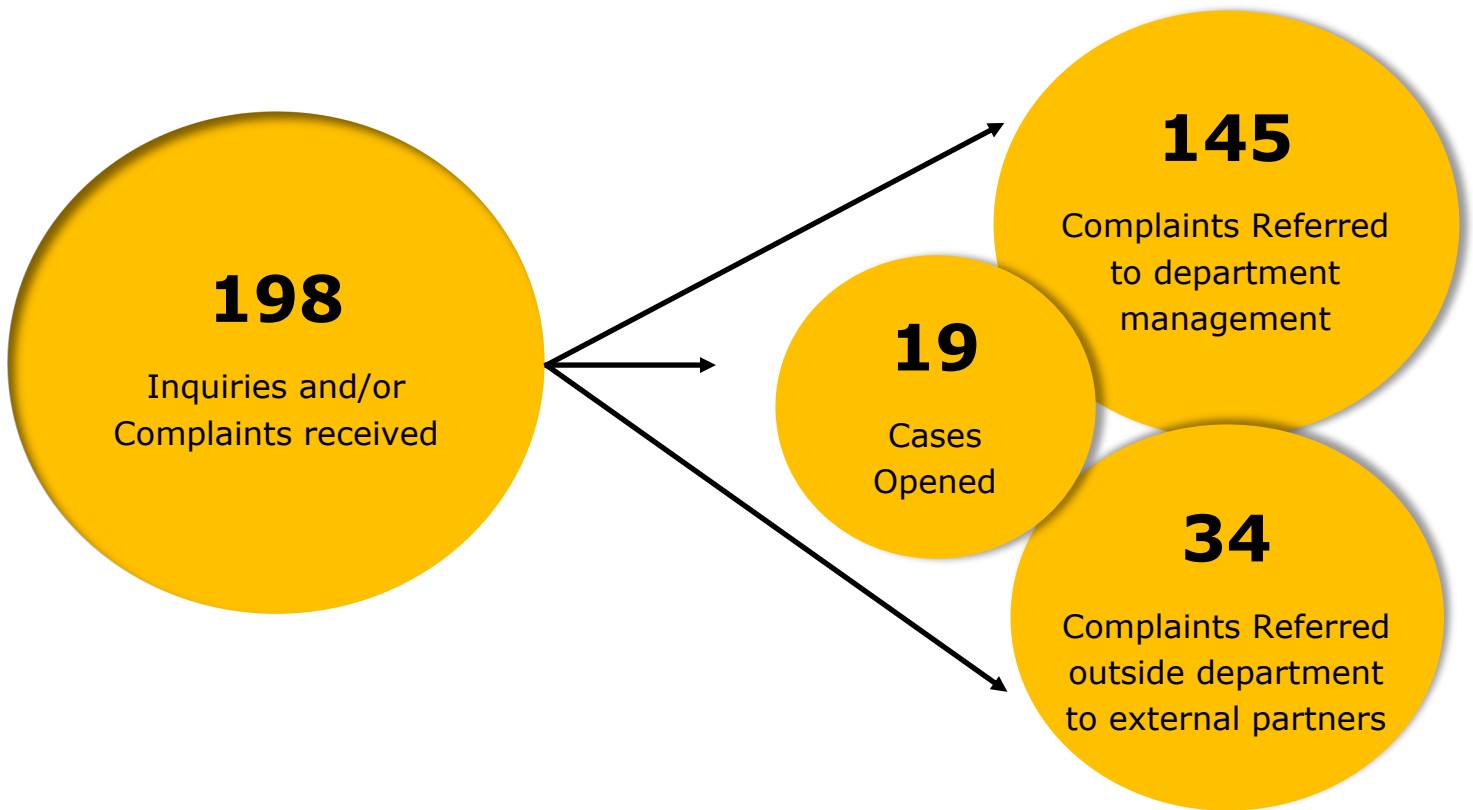
In September 2015, the Auditor General reviewed our quality assurance program for internal audit activity in effect from July 2014 through June 2015. The objectives were to:

- evaluate the extent to which the OIG's internal audit activity's charter, policies and procedures, quality assurance program, and work products conform to applicable professional auditing standards;
- determine compliance with those provisions of Section 20.055, Florida Statutes, that relate to the operation of State agencies' offices of inspectors general internal audit activities; and
- identify opportunities to enhance the internal audit activity's management and work processes, as well as its value to department management.

In December 2015, the Auditor General issued [Report No. 2016-051, Quality Assessment Review](#) with no findings or recommendations on the Department of Transportation, Office of Inspector General's internal audit activity. They stated the following:

In our opinion, the quality assurance program related to the Department of Transportation, Office of Inspector General's internal audit activity was adequately designed and complied with during the review period July 2014 through June 2015 to provide reasonable assurance of conformance with applicable professional auditing standards. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

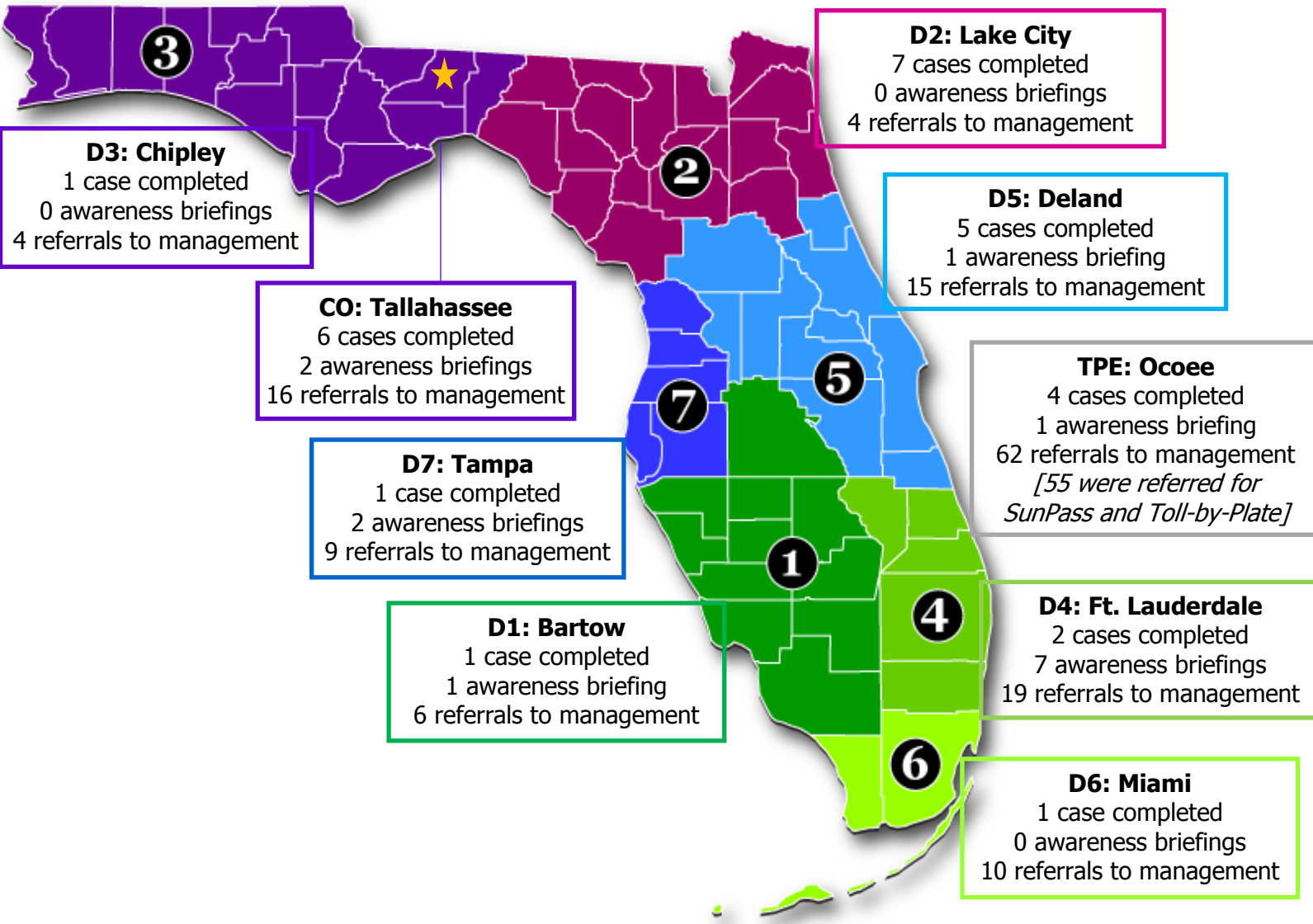
INVESTIGATIONS ACTIVITY



INVESTIGATIONS CASES BY DISTRICT

Report Numbers of Cases Completed:

Central Office (CO):	150-15062 , 152-15092 , 152-15119 , 152-16029 , 152-16094 , 152-16118
District One (D1):	150-15117
District Two (D2):	150-14019 , 150-15025 , 150-15035 , 150-15106 , 152-15104 , 152-15107 , 152-16064
District Three (D3):	152-16088
District Four (D4):	150-12051 , 150-12077
District Five (D5):	150-15089 , 150-16082 , 150-16127 , 152-14023 , 152-16137
District Six (D6):	150-16004
District Seven (D7):	152-16069
Turnpike Enterprise (TPE):	152-15078 , 152-16030 , 152-16087 , 152-16144



INVESTIGATIONS

Investigations Section's **MISSION**

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



Case Types

The Investigations Section manages several case types, such as substantive investigations, joint investigations, preliminary inquiries, management referrals, and other agency referrals.

Duties and Responsibilities

Pursues department employees, contractors, vendors, or the public who attempt to gain a department benefit for which they are not entitled. The Investigations Section operates in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, accreditation standards established by the Florida Commission for Law Enforcement Accreditation, and works closely with other law enforcement partners to accomplish its mission.

The Investigations Section's duties and responsibilities are to:

- Receive complaints and coordinate activities of the department in accordance with the Whistle-blower's Act pursuant to Sections 112.3187-112.31895, Florida Statutes.
- Receive and consider complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conduct, supervise, or coordinate such inquiries, investigations, or reviews as the inspector general deems necessary.
- Report expeditiously to the Florida 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.
- Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the inspector general or the Office of Inspector General, including freedom from interference with investigations, timely access to records, and other sources of information.
- Submit final investigations reports timely to the Governor's Chief Inspector General and Florida Department of Transportation's Secretary.

INVESTIGATIONS

Cases Completed: Contract Fraud

Prime Contractor Accused of Overbilling Department

A prime contractor was accused of fraudulently overbilling the department on a routine maintenance contract. It was reported that numerous invoices submitted by the contractor appeared to be much higher than the original work estimates. After a preliminary inquiry, OIG investigators notified the Florida Department of Law Enforcement (FDLE) who accepted this case as a criminal investigation. FDLE determined the contractor performed the work billed to the department; however, the department inspector had not properly documented approvals for additional work performed. Based on FDLE's investigation, there was no evidence to support a further investigation by the OIG and the case was closed. [Case No. 150-12051]

Prime Contractor Accused of Installing Undersized Guardrail Posts

It was alleged that a prime contractor installed undersized guardrail posts on a state road. A joint investigation by the OIG and United States Department of Transportation OIG was conducted. The United States Attorney's Office (USAO) accepted the case for consideration of a criminal prosecution. During the course of this investigation and as a result of detailed information provided to the department's Office of Construction, the prime contractor replaced the guardrail posts. The USAO declined to proceed with criminal charges and the case was closed. [Case No. 150-12077]



Photo courtesy of nbciami.com

Prime Contractor Accused of Non-payment to Subcontractors

Accusations were made that a prime contractor submitted fraudulent notarized Certifications Disbursement of Previous Periodic Payments to Subcontractors. This case was presented to and accepted by the Office of Statewide Prosecution (OSWP) for consideration. The OSWP attempted to seek a civil resolution; however, attempts to contact the prime contractor's attorney were unsuccessful. As a result, the OSWP declined to proceed with further prosecution of this case. The prime contractor was placed on the department's Contractors Suspension List and the case was closed. [Case No. 150-14019]



INVESTIGATIONS

Cases Completed: Contract Fraud (continued)

Prime Contractor Accused of Contract Noncompliance

It was alleged that a prime contractor of a Highway Asset Maintenance contract was not in compliance with the terms of their contract, was not conducting vehicle maintenance as required, was not operating vehicles with the proper commercial driver's license, and did not follow proper procedures regarding an on-the-job injury. The investigation proved the contractor was not consistently in compliance with the terms and conditions of the Highway Asset Maintenance contract. The investigation disproved the contractor's drivers operated vehicles without proper licensure, vehicles were not maintained, or proper procedures were not followed for an on-the-job injury. [Case No. 150-15025]

ASSET MAINTENANCE

A performance-based contracting method whereby the department contracts with private or public entities for managing and performing maintenance of the transportation facility components.

Subcontractor Accused of Improperly Reporting Employee Wages

A subcontractor was accused of paying employees in cash for part of their wage hours and overtime and not properly reporting employee wages on Certified Weekly Payrolls. The investigation disclosed employees' wages were properly documented and reported. Based on this determination, the case was closed. [Case No. 150-15035]

Prime Contractor Accused of Non-payment to Subcontractors

Accusations were made that a prime contractor was submitting fraudulent Certification of Distribution of Past Periodic Payments to Subcontractors and was behind on payments to subcontractors. The investigation disclosed the contractor completed the certifications based on an anticipated date, which led to one inaccurate certification. The contractor refined their systems to flag open invoices on projects and avoid future errors. The case was closed. [Case No. 150-15062]

Subcontractor Accused of Improperly Certifying Signal System Inspections



It was alleged that a subcontractor improperly certified the inspection of signaling systems at railroad grade crossings. A preliminary inquiry disclosed discrepancies in test results. The OIG notified FDLE, who initially accepted this matter for consideration of a criminal investigation; however, based on information provided by us, FDLE declined to proceed due to a lack of clarity regarding potential criminal violations. The department negotiated a settlement agreement for the costs associated with retesting the signal systems and the case was closed. [Case No. 150-15089]

INVESTIGATIONS

Cases Completed: Contract Fraud (continued)

Subcontractor Accused of Safety Violations and Payroll Reporting Issues

A subcontractor was accused of engaging in safety violations and misreporting employee classifications to the prime contractor in violation of the Davis-Bacon Act. A preliminary inquiry disclosed that safety concerns had been identified by the department's Construction Engineering Inspection consultant and addressed. Payroll reporting issues had also been identified and addressed with the subcontractor. Based on these findings, the case was closed. [Case No. 150-15106]

District Office Accused of Funding Aviation Project

Accusations were made that a district office was being instructed by the Governor's Office to fund an aviation project, which was slated for sale to a private developer. According to the complaint, the project would "almost double the value of the property." Though a Senate line item appropriation in June 2015 for three million dollars was identified, records disclosed the line item was vetoed by Governor Rick Scott and no funding was provided. Based on this determination, the case was disproved. [Case No. 150-15117]

VETO

Prime Contractor Accused of Falsifying Records

It was alleged that a prime contractor falsified Disadvantage Business Enterprise federal credit submittals related to the use of a material supplier. According to the complaint, the supplier was not providing a commercially useful function. A joint investigation with the USDOT-OIG was conducted, disclosed no evidence to support the allegation, and the case was closed.

[Case No. 150-16004]

Consultant Accused of Misusing Travel Funds

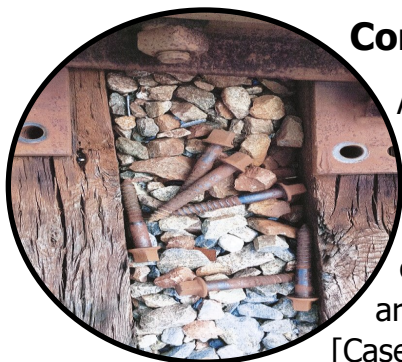
A consultant was accused of misusing federal funds for non-business travel and expenditures. Information obtained during this inquiry disclosed no travel expenses were requested or paid by the department to the consultant and the case was closed. [Case No. 150-16082]



Consultants Accused of Tampering with Railroad Track

Accusations were made during the inspection of a department-operated rail system that two consultants tampered with tracks by removing track spike screws. Inquiry disclosed the consultants had not tampered with the tracks, but rather identified loosened spike screws. As a result of this investigation, changes were made in the way track deficiencies are documented and communicated to department contractors for repair.

[Case No. 150-16127]



INVESTIGATIONS

Cases Completed: Misconduct

Employee Accused of Misusing Department Equipment and Materials

A department employee was alleged to have used department equipment and materials to aid their spouse with a personal business. It was also alleged the department employee provided their supervisor a financial benefit from the business sales. During this investigation, FDLE was notified of possible criminal violations and declined to initiate an investigation due to a lack of independent evidence. Based on the records reviewed and interviews conducted, the investigation was inconclusive and the case was closed. [Case No. 152-14023]

Employee Accused of Forcing Vendors to Hire Friends

Accusations were made that a department employee forced vendors to hire the employee's friends and associates. Based on records reviewed and interviews conducted, there was no evidence to support the complaint and the case was closed. [Case No. 152-15078]

Employee Accused of Unentitled Shift Differential Pay

A department employee was accused of knowingly receiving Shift Differential Pay (SDP) that they were not entitled to receive. Based on records reviewed and interviews conducted, the employee was unaware they were receiving SDP compensation. The improper compensation was reimbursed to the department, and the investigation was closed. [Case No. 152-15092]



Image courtesy of wallpaperfolder.com

Employee Accused of Using Department Position for Personal Gain

It was alleged that a department employee was attempting to leverage their position to get a contractor to hire their spouse. It was further alleged that the employee made comments to the contractor about buying the employee lunch and dinner. The department employee admitted telling the contractor their spouse could operate all types of equipment as required by a position the contractor was looking to fill. The department employee also admitted to jokingly making the suggestion to the contractor to buy them lunch. This investigation was proved; the department employee was demoted and placed on probationary status. [Case No. 152-15104]

Manager Accused of Improperly Instructing Staff to Alter Bridge Inspection Documents

Accusations were made that a department manager directed a subordinate employee to fix and/or embellish documents related to the inspection of two bridges. Based on the investigative findings, the allegation was disproved. [Case No. 152-15107]



INVESTIGATIONS

Cases Completed: Misconduct (continued)

Employee Accused of Misusing Computer and Internet Resources

It was alleged that a department employee misused computer resources belonging to the department and similar Florida Department of Highway Safety and Motor Vehicles' resources to conduct prohibited Internet searches. Based on the documents reviewed and interviews conducted, the allegation was proved and the employee resigned. [Case No. 152-15119]

Personal Textbooks Removed from Department Office

Accusations were made by a department employee that personally owned textbooks were removed from an office without the owner's permission or knowledge. An inquiry did not identify the person responsible; however, after the unrelated termination of a contracted employee, no additional textbooks were reported missing, and the case was closed. [Case No. 152-16029]

Consultant Accused of Misusing Computer and Internet Resources

A consultant was accused of violating the department's Security and Use of Information Technology Resources (SUITR) policy by visiting or attempting to visit unauthorized Internet sites. Based on the documents reviewed and interviews conducted, the allegation was proved and the consultant was terminated. [Case No. 152-16030]

Employee Accused of Misusing Computer and Internet Resources

A department employee was accused of violating the SUITR policy by attempting to access sexually explicit websites on a department computer. Based on the absence of evidence to support the allegation, the complaint was closed. However, an administrative issue was identified during the inquiry and provided to management for review and action deemed appropriate. [Case No. 152-16064]



Image courtesy of wikipedia.com/desktopcomputer

Employee Accused of Misusing Department Vehicle and Time

It was alleged a department employee was misusing a department vehicle and conducting personal business during work hours. The investigation proved the employee misused the department vehicle for activities unrelated to department business and conducted personal business during work hours. The employee resigned. [Case No. 152-16069]

INVESTIGATIONS

Cases Completed: Misconduct (continued)

Employee Accused of Accepting Items of Value from a Contractor



Accusations were made that a department employee attended a consultant contractor's holiday party and partook in alcoholic beverages and meals provided by the contractor. Based on interviews conducted and records reviewed, there was no evidence to support the allegation and the case was closed.

[Case No. 152-16087]

District Office Accused of Improperly Administering Bid Proposal Selection

It was alleged the bid proposal selection process for an upcoming department project was not administered properly. Based on the investigative findings, there was no evidence to support the allegations and the case was closed. [Case No. 152-16088]

Manager Accused of Favoritism and Gender Discrimination

A department manager was accused of engaging in favoritism and gender discrimination in hiring and personnel actions thereby creating a hostile work environment. Based on interviews conducted and records reviewed, the allegations against the manager were disproved; however, during this investigation, other misconduct by the manager was identified and investigated.

[Case No. 152-16094]

Manager Accused of Violating Department Conduct Standards

Accusations were made that a department manager engaged in acts of misconduct. Based on interviews conducted and records reviewed, it was determined department policy regarding standards of conduct were violated and the manager resigned. [Case No. 152-16118]

Employee Accused of Threatening and Harassing Citizen

It was alleged that a department employee was making death threats and harassing an individual regarding their property claim. Based on an interview with the complainant, there was no information provided to support further investigation of this complaint and the case was closed.

[Case No. 152-16137]

Manager Accused of Threatening Employee to Make False Statement Against Supervisor

Accusations were made that a department manager threatened a department employee with disciplinary actions if they did not make a false statement against a supervisor. During an interview, the department employee denied the manager asked or threatened them to make such statements. Therefore, there was no basis to conduct a further inquiry and the case was closed. [Case No. 152-16144]

THREATS

INVESTIGATIONS

Fraud Awareness Briefings

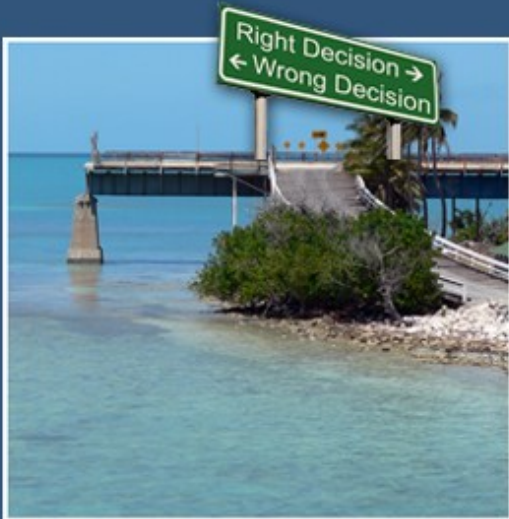
It's Never the Wrong Time to do the Right Thing

The OIG makes a concerted effort every year to educate department employees and consultants about our office's mission and what it means to act with integrity. We do this by presenting **CONTRACT FRAUD AND EMPLOYEE MISCONDUCT AWARENESS** briefings at different locations throughout the state. In the briefings, we discuss the department's Integrity in Government Policy, relevant Florida Statutes, and Florida Administrative Codes related to the conduct of state employees and state employees' relationships with regulated entities. During these briefings, we also share real case scenarios to bring the information to life.

This past fiscal year, the OIG presented 14 briefings to 1,065 department employees and partners in industry.

Discussion topics included:

Integrity	What it means to act with integrity.
Fraud	The four components of fraud.
Values-Driven Behavior	How personal values guide our ethical behavior.
Employee Conduct	Expectations and employee conduct defined by department policy, Florida Law and Rule.



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

INVESTIGATIONS

Reaccreditation

In December 2015, our Investigations Section went through its triennial assessment with the Commission for Florida Law Enforcement Accreditation, Inc. (CFA). Established in 1995, the CFA is a not-for-profit incorporated body of law enforcement and criminal justice professionals who work to ensure the highest standards for participating organizations.



The Investigations Section received a "recommendation for reaccreditation with no conditions" - the highest standing CFA bestows on an accredited agency or office!

In 2008, the CFA introduced an accreditation process for offices of inspectors general, and in 2009, we were among the first state agencies' offices of inspector general to become accredited.

To become accredited, we must adhere to 44 CFA standards for staffing, training, conducting, and documenting the investigative function. Every three years, CFA assessors review our files to determine compliance with the standards.

The CFA assessment process ensures our customers are receiving the best professional services we can provide. We enjoy providing value-added services to the department and external customers through our fact-based investigations.

December's assessment was the second reaccreditation for our office and resulted in the Investigations Section receiving a "recommendation for reaccreditation with no conditions" — the highest standing CFA bestows on an accredited agency or office!

Pictured from left to right:

Sheriff Deryl Loar

Indian River County Sheriff's Office/
Commission Chair for the CFA;

Howard Greenfield

Director of Investigations;

Lori Van Riper

Accreditation Manager;

Bob Clift

Inspector General;

Randy Conyers

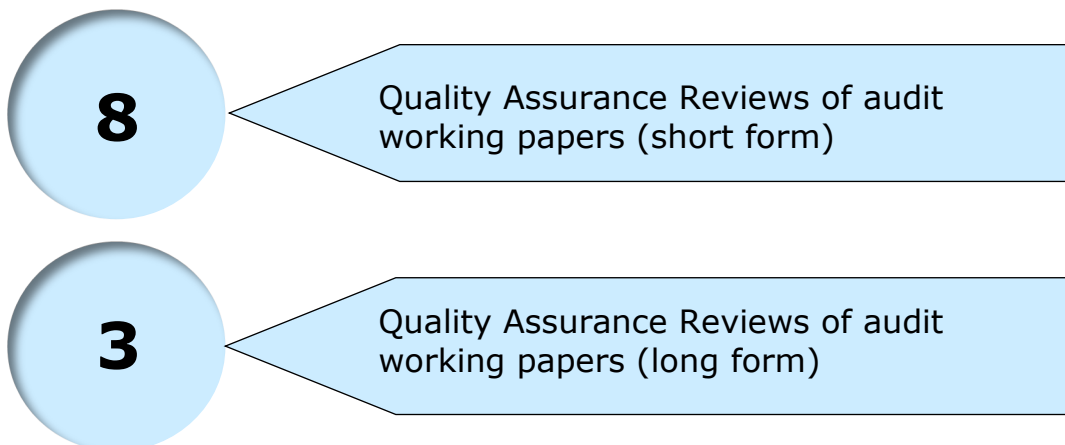
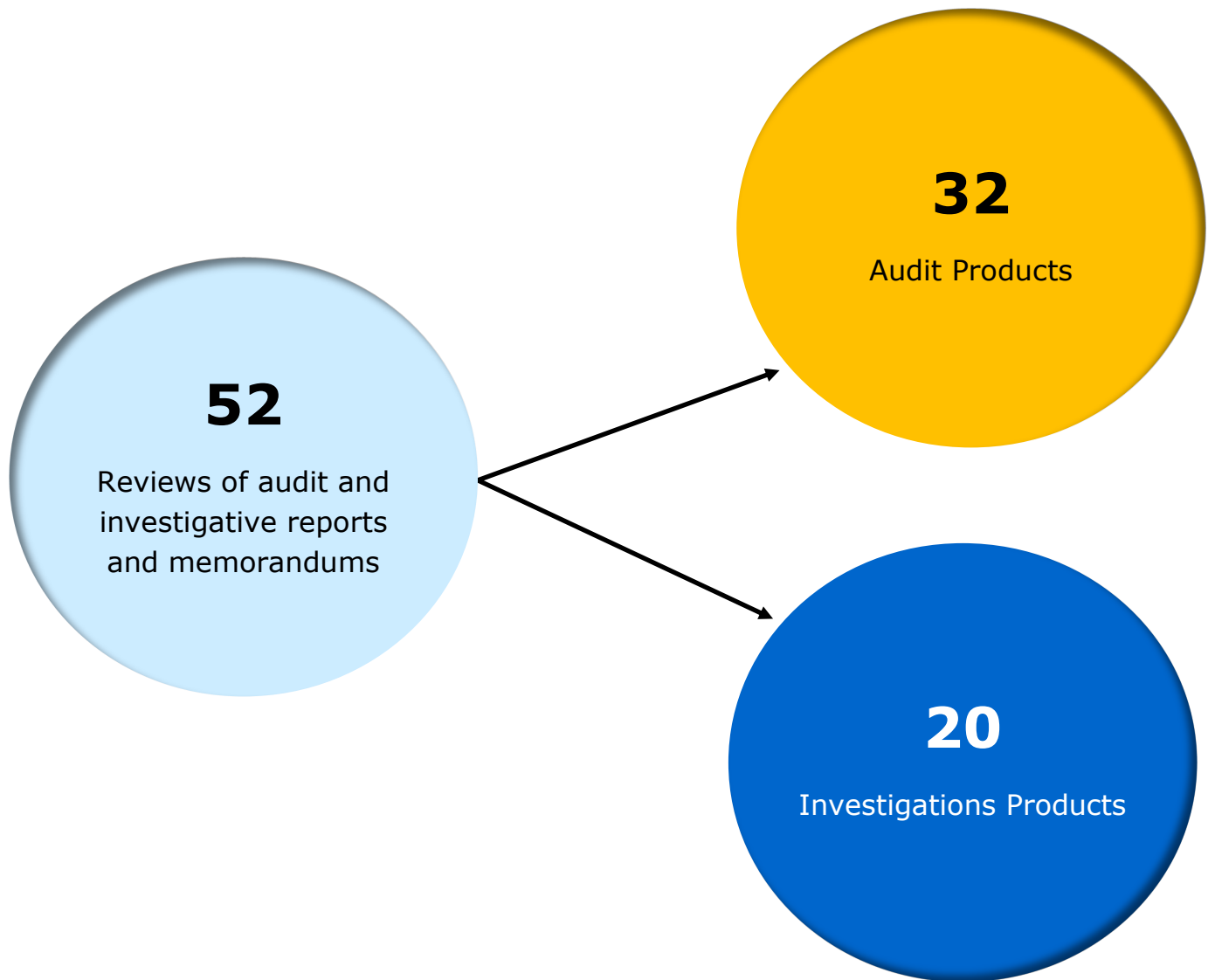
Investigator/CFA Assessor; and

Lori Mizell

Executive Director of the CFA



QUALITY ASSURANCE and OPERATIONS SUPPORT ACTIVITY



QUALITY ASSURANCE and OPERATIONS SUPPORT

Support Section's MISSION

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



Duties and Responsibilities

Based on The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, Section 1300—Quality Assurance and Improvement Program, our office's Quality Assurance Section monitors aspects of the internal audit activity.

The Quality Assurance and Operations Support Section's duties and responsibilities are to:

- Ensure OIG policies and procedures are current and designed to conform with professional auditing standards.
- Perform internal assessments in accordance with professional auditing standards and OIG procedures, such as report reviews and quality assurance reviews of audit working papers.
- Conduct an annual risk assessment, develop the annual audit work plan, and prepare the annual report.
- Maintain all daily OIG operational functions including human resources, facilities management, records management, travel, and inventory.
- Plan and maintain the OIG's budget and segregate duties for purchasing card transactions and approval.
- Maintain the OIG's information technology infrastructure, such as SharePoint, and publish reports on the Internet.
- Monitor staffs' training requirements and completion dates in compliance with professional standards. Training reports are reviewed monthly.
- Compile articles and produce the quarterly newsletter, *Office of Inspector General Examiner*. The newsletter provides opportunities to share information, alerts, and latest developments.
- Administer and maintain the OIG's workforce management software, Replicon, for audit projects, budget hours, investigative cost recovery on cases, and generating information for quarterly reports to the Chief Inspector General.

QUALITY ASSURANCE and OPERATIONS SUPPORT

Training, Certifications, and Affiliations

Professional standards require the OIG’s staff to be proficient, competent, and collectively possess and apply knowledge, skills, and experience when performing audit and investigative work. Additionally, auditors and investigators should complete continuing professional education (CPE) courses related to their primary responsibilities.

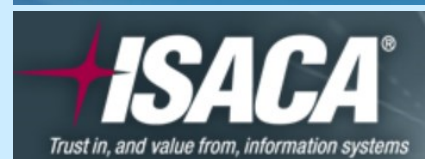
Our auditors adhere to the *Government Auditing Standards* for completing 80 CPE hours in a 2-year period with 24 of those hours being related to government auditing.

Our investigators adhere to the *Principles and Standards for Offices of Inspector General* for completing 40 CPE hours in a 2-year period with 12 of those hours being related to investigations.

The Quality Assurance and Operations Support Section provides oversight of the training program to ensure staff meet the CPE requirements and completed courses are documented adequately. Our internal Procedure No. 450-a10-008, Training and Professional Development, has guidance to identify levels of expertise for meeting organizational requirements, evaluate the training program regularly to assure staffs’ needs are being met and the best training sources are used, and maintain an adequate training fund.

Staff demonstrate their expertise through certifications and affiliation in professional organizations:

Certifications	Count
Certified Inspector General Auditor (CIGA)	10
Certified Inspector General Investigator (CIGI)	8
Certified Public Accountant (CPA)	3
Certified Inspector General (CIG)	3
Certified Fraud Examiner (CFE)	3
Certified Internal Auditor (CIA)	2
Certified Government Auditing Professional (CGAP)	2
Certified Public Manager (CPM)	2
Certified Information Systems Auditor (CISA)	1
Certified Law Enforcement Analyst (CLEA)	1



QUALITY ASSURANCE and OPERATIONS SUPPORT

Inspectors General Community Consistency Review

In 2014, the legislature passed House Bill 1385 requiring state agency inspectors general under the Governor's jurisdiction to report directly to the Chief Inspector General while also keeping the agency's head informed of fraud, abuse, and deficiencies relating to the department's programs and operations.

In November 2015, we conducted a survey on behalf of the Chief Inspector General to determine consistency in the inspectors general community. Specifically, we requested:

- How many positions are in offices of inspectors general?
- What are the position numbers? *This was used to obtain annual salaries, class titles, class codes, and budget entity data from Florida Has A Right To Know (state payroll website)*
- Reporting structure; who reports to whom?
- Working titles?
- What are the positions' main roles and responsibilities?
- What is the position's service type? Career Service, Select Exempt Service, or Select Management Service?
- Are there any vacancies?
- Is a sworn law enforcement officer required to fill the position?

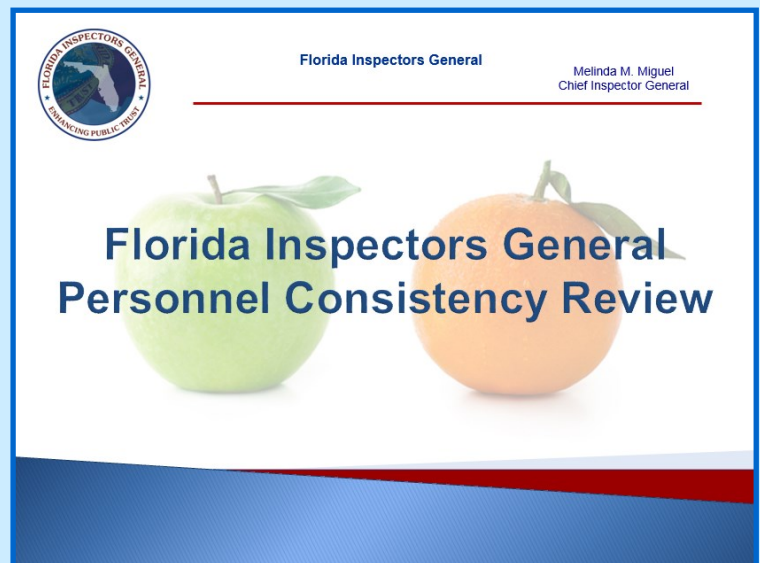


Image courtesy of goodenoughmother.com/appleandorange

The data was collected, analyzed, separated into four areas (Inspector General, Audit, Investigations, and Support), and then presented to the Chief Inspector General.

For state agencies under the Governor's jurisdiction, the Chief Inspector General presented action opportunities and recommendations to the inspectors general for establishing consistency among the agencies in class titles, span of control, salaries, and service types.

Consistency (*kən-sis'tən-sē*) *n.*

uniformity, agreement, harmony; adherence to the same principles

QUALITY ASSURANCE and OPERATIONS SUPPORT

Employee Acknowledgement for Saurita Tirado

It is our privilege to give thanks and recognition to the OIG's Senior Clerk, Ms. Saurita Tirado, on her upcoming retirement in November 2016. Saurita began her 35 years of public service employment in November 1981. She has worked with multiple agencies, including the Departments of Insurance, Health, Labor, and Transportation.

Saurita is a valuable employee of the OIG. She assists the entire team in achieving our mission and goals by handling many day-to-day administrative tasks that are the underlying foundation of our overall success. Specifically, Saurita serves as our front desk receptionist where she provides professional and courteous customer service as our first point-of-contact.

Along her journey, Saurita has received various accolades based on her exemplary customer service skills, including selection as the OIG's Employee of the Quarter.

Accordingly, in appreciation of Ms. Saurita Tirado, we offer our gratitude for the outstanding support she provided the Office of Inspector General and wish her. . .

A very happy retirement!

~ End of report ~

