



Florida Department of TRANSPORTATION

Office of Inspector General
Kristofer B. Sullivan, Inspector General

DocuSigned by:
Kristofer B. Sullivan
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Audit Report No. 20I-005
Flagler County SCRAP and SCOP Funding

October 14, 2022

What We Did

The Florida Department of Transportation's (Department) Office of Inspector General (OIG) conducted an audit of the Flagler County Small County Road Assistance Program (SCRAP) and Small County Outreach Program (SCOP), a District Five subrecipient of the Department, to evaluate Flagler County's fiscal financial management processes. This audit was conducted as a part of the fiscal year (FY) 2020-21 Audit Plan.

The scope of this audit consisted of grants SCOP G0E99, SCOP G0A08, and SCRAP G1C39.

What We Found

We determined Flagler County could improve financial management process controls regarding the timely submission of invoices. We identified 3 of 32 quarters that were not in compliance with SCRAP/SCOP agreements. **We also determined** although there were no unallowable costs, improvements could be made regarding status reports and invoice supporting documentation.

What We Recommend

We recommend the Department's State Local Programs Administrator coordinate with District Five and Flagler County's Engineering Division:

- To improve invoice timeliness. To accomplish this recommendation, Flagler County and District Five could incorporate an invoice schedule for each grant indicating the date the invoices should be submitted and require a progress report if no billing activity has occurred during the quarter.
- Ensure all required supporting documentation is included in the invoice package submitted to District Five.
- Follow all provisions of the agreement.

During the audit, corrective actions recommended were completed by the District in coordination with the Department's State Local Program Administrator as detailed in Appendix D - Management Response.

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BACKGROUND AND INTRODUCTION

The Florida Department of Transportation's (Department) Local Agency Program (LAP) administers four types of state funded grant programs: Small County Road Assistance Program (SCRAP), Small County Outreach Program (SCOP), County Incentive Grant Program (CIGP) and Transportation Regional Incentive Program (TRIP). Table 1 summarizes the SCRAP/SCOP programs.

Table 1: Summary of SCRAP/SCOP Programs

Program	Funding Authority	Maximum Amount	General Scope
SCRAP	Subsection 339.2816, Florida Statutes, (F.S.) (2019)	FDOT funds up to 100% of project cost	Assistance to small counties for resurfacing and reconstructing county roads. Funds available for counties with 75,000 or fewer people. Capacity improvements are ineligible.
SCOP	Subsection 339.2818, F.S., (2019)	FDOT funds up to 75% of project cost.	Assistance to small counties for repairing or rehabilitating county bridges, paving unpaved roads, addressing road related draining improvements, resurfacing, or reconstructing county roads, or constructing capacity or safety improvements on county roads.

Source: Florida Department of Transportation LAP Brochure

Small County Road Assistance Program (SCRAP)

SCRAP was created to assist Florida small county governments with resurfacing and reconstructing their roads. The state annual appropriations for this program range from \$25-50 million dollars. Districts receive the allocations based on the number of statewide eligible counties.

Subsection 339.2816, F.S., defines "small county" as any Florida county with a population of 75,000 or less according to the 1990 Federal census data. The statute indicates small counties are eligible to compete for SCRAP funds for county roads that were part of the county road system on June 10, 1995. Any requests for funding for "capacity improvements" are not eligible to receive SCRAP funding.

The Department may consider the county's attempts to keep the county roads in satisfactory condition along with the amount of local option fuel tax imposed by the county when determining SCRAP funding.

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The criteria established by subsection 339.2816, F.S., is the physical condition of the road as measured by the department and secondary criteria used for SCRAP funding include:

- if the road is used as an evacuation route;
- if the road has high levels of agricultural travel;
- if the road is considered a major arterial route;
- if the road is a considered a feeder road; and
- if the road is in a fiscally constrained county as defined in subsection 218.67(1), F.S. (2019).

Small County Outreach Program (SCOP)

SCOP was created to assist small county governments to repair or rehabilitate county bridges, paving unpaved roads, addressing road related drainage improvements, resurfacing, or reconstructing county roads, or constructing capacity of safety improvement to county roads.

Subsection 339.2818, F.S., defines a “small county” as any county with a population of 200,000 or less as determined by the most recent official estimate as pursuant to subsection 186.901, F.S., and the Office of Economic and Demographic Research. Counties that are eligible for SCRAP funding are also eligible to receive 75% of the cost of projects with SCOP funds and the County is responsible for the remaining 25%. Some counties are eligible for a waiver to receive 100% SCOP funding.¹

The primary criterion, established by subsection 339.2818, F.S., the Department uses to determine eligibility for SCOP funding is if the county has attempted to keep the roads in satisfactory (physical) condition by reviewing an established pavement management plan and secondary criteria used for SCOP funding include:

- the physical condition of the road as measured by the Department;
- if the road is used as an evacuation route;
- if the road has high levels of agriculture travel;
- if the road is considered a major arterial route;
- if the road is considered a feeder road;
- impacts on the public road system; and
- impacts to the state or local economy.

¹ FDOT Work Program Instructions FY 20/21-24/25, 320.

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Flagler County's relationship with the Department

Flagler County, located in the Department's District Five (District), is assigned a District Grant Manager responsible for oversight of the SCRAP/SCOP funds. The Grant Manager provides technical support and financial guidance to ensure compliance with the agreements, State Statutes, and the Florida Single Audit Act. For each SCRAP/SCOP grant, Flagler County and the Department have executed a "State-Funded Grant Agreement" (agreement). These agreements state the terms and conditions upon which Flagler County and Department funds will be provided and sets forth the way the project will be undertaken and completed.

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RESULTS OF REVIEW

The objective of our audit was to determine if Flagler County maintains management controls for timely invoicing and to identify unallowable costs.

Finding 1 – Management Controls

We determined Flagler County could improve financial management process controls regarding the timely submission of invoices. We identified 3 of 32 quarters that were not in compliance with SCRAP/SCOP agreements. **We also determined** although there were no unallowable costs, improvements could be made regarding status reports and invoice supporting documentation.

Flagler County's management controls were tested using the following criteria:

- Subsection 215.971(1)(d), F.S. (2020);
- State of Florida, Department of Transportation - Small County Outreach Program Agreement (SCOP);
- State of Florida, Department of Transportation - Small County Road Assistance Program Agreement (SCRAP);
- State Funded Agreements (CIGP, SCOP, SCRAP, TRIP) executed after 2018;
- State Funded Agreements, Attachment F;
- Subsection 215.86, F.S. (2017-2018);
- Florida Single Audit Act, Part Three, Compliance Monitoring;
- Florida Single Audit Act, Part Five, I Subrecipient Monitoring; and
- Florida Single Audit Act, Part Five, Control Activities.

Additional details regarding these criteria can be found in Appendix B.

Invoice Submittal Compliance

Grant G1C39 required Flagler County to submit cost reimbursement invoices no more than once per month but at least one time per quarter. Grants G0E99 and G0A08 required invoices to be submitted at least quarterly. Tables 2, 3, and 4 indicate which quarters Flagler was in compliance with the agreements.²

We identified 22 of 25 quarters that were submitted in compliance with the Department of Transportation's SCRAP/SCOP agreements. We also identified 7 quarters that were not applicable to the compliance requirement. A quarter was deemed to be not applicable if it was the first quarter of the agreement or if the quarter did not have deliverables.

² The months in the quarters are defined as Quarter 1: July, August, and September; Quarter 2: October, November, and December, Quarter 3: January, February, and March; and Quarter 4: April, May, and June.

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Additionally, Invoice Compliance with Agreement Requirements was determined through a comprehensive review of the following: dates for services rendered in the previous quarter, date the invoice was received by District Five, invoice service period, and subcontractor invoice date and service dates. However, Flagler County has submitted timely invoices for all reviewed agreements since the 4th quarter of fiscal year (FY) 2018-19.

Table 2 shows Flagler County was compliant in all quarters for Grant G1C39. Quarter 2 of FY 2019-20 was the first quarter of the agreement and did not have any deliverables.

Table 2: Grant SCRAP G1C39 - Invoice Compliance with Agreement Requirements

Quarter Period (FY)	Quarter end month due	Invoice Submitted (Inv #)	Date Invoice Received by District Five	Invoice Submittal Compliance
Qtr 2 (FY 19/20)	December 2019	No	N/A	N/A
Qtr 3 (FY 19/20)	March 2020	Yes (#1)	03/18/2020	Yes
Qtr 4 (FY 19/20)	June 2020	Yes (#2)	05/13/2020	Yes
Qtr 1 (FY 20/21)	Sept 2020	Yes (#3)	07/15/2020	Yes
Qtr 2 (FY 20/21)	Dec 2020	Yes (#4)	11/06/2020	Yes
Qtr 3 (FY 20/21)	March 2021	Yes (#5)	03/28/2021	Yes
Qtr 4 (FY 20/21)	June 2021	Yes (#6)	04/12/2021	Yes
	N/A	Yes (#7)	06/15/2021	Yes

Source: Flagler County SCRAP/SCOP invoices submitted to District Five

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Table 3 shows Flagler County was compliant 5 of the 7 quarters in which invoices should have been submitted for Grant G0E99. Grant agreement SCOP G0E99 was executed with the Department in September 2016 (Quarter 1). We determined Quarters 2, 3, and 4 in FY 2016-17 and Quarter 1 in FY 2018-19 were not applicable to the review.

Table 3: Grant SCOP G0E99 - Invoice Compliance with Agreement Requirements

Quarter Period (FY)	Quarter end month due	Invoice Submitted (Inv #)	Date Invoice Received by District Five	Invoice Submittal Compliance
Qtr 2 (FY 16/17)	December 2016	No	N/A	N/A
Qtr 3 (FY 16/17)	March 2017	No	N/A	N/A
Qtr 4 (FY 16/17)	June 2017	No	N/A	N/A
Qtr 1 (FY 17/18)	Sept 2017	No	N/A	No
Qtr 2 (FY 17/18)	December 2017	Yes (1-Design)	11/08/2017	Yes
Qtr 3 (FY 17/18)	March 2018	Yes (2-Design)	01/08/2018	Yes
	N/A	Yes (3-Design)	02/06/2018	Yes
	N/A	Yes (4-Design)	03/05/2018	Yes
Qtr 4 (FY 17/18)	June 2018	Yes (5-Design)	04/13/2018	Yes
	N/A	Yes (6-Design)	06/19/2018	Yes
Qtr 1 (FY 18/19)	Sept 2018	No	N/A	N/A
Qtr 2 (FY 18/19)	December 2018	No	N/A	No
Qtr 3 (FY 18/19)	March 2019	Yes (7-Design)	01/02/2019	Yes
Qtr 4 (FY 18/19)	June 2019	Yes (8 Final-Design)	04/17/2019	Yes

Source: Flagler County SCRAP/SCOP invoices submitted to District Five

Table 4 shows Flagler County was compliant for 11 of 12 quarters in which invoices should have been submitted for Grant SCOP G0A08. Quarter 4 in FY 2016-17 was determined to be not applicable as it was the first quarter of the agreement and had no deliverables. Quarter 2 in FY 2018-19 was updated to not applicable. Although there were billable services for Quarter 2, Flagler County Engineering Department did not receive the invoice until March 2018.

Flagler County did not submit at least one invoice during Quarter 3 of FY 2018-19 and there were deliverables during the quarter. An extension was granted for Quarter 4 of FY 2019-20.

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Table 4: Grant SCOP G0A08 - Invoice Compliance with Agreement Requirements

Quarter Period (FY)	Quarter end month due	Invoice Submitted (Inv #)	Date Invoice Received by District Five	Invoice Submittal Compliance
Qtr 4 (FY 16/17)	June 2016	No	N/A	N/A
Qtr 1 (FY 17/18)	Sept 2016	Yes (1-Design)	09/21/2016	Yes
	N/A	Yes (2-Design)	09/29/2016	Yes
Qtr 2 (FY 17/18)	December 2016	Yes (3-Design)	11/03/2016	Yes
	N/A	Yes (4-Design)	12/22/2016	Yes
Qtr 3 (FY 17/18)	March 2017	Yes (5-Design)	01/27/2017	Yes
	N/A	Yes (6-Design)	02/03/2017	Yes
Qtr 4 (FY 17/18)	June 2017	Yes (7-Design)	05/24/2017	Yes
	N/A	Yes (8-Design)	05/24/2017	Yes
Qtr 1 (FY 18/19)	Sept 2017	Yes (9-Design)	07/21/2017	Yes
Qtr 2 (FY 18/19)	December 2017	No	N/A	N/A
Qtr 3 (FY 18/19)	March 2018	No	N/A	No
Qtr 4 (FY 18/19)	June 2018	Yes (10-Design)	04/13/2018	Yes
Qtr 1 (FY 19/20)	Sept 2018	Yes (11-Construction)	07/19/2018	Yes
	N/A	Yes (12-Construction)	09/04/2018	Yes
Qtr 2 (FY 19/20)	December 2018	Yes (13-Construction)	10/09/2018	Yes
	N/A	Yes (14-Construction)	11/01/2018	Yes
Qtr 3 (FY 19/20)	March 2019	Yes (15-Construction)	01/02/2019	Yes
	N/A	Yes (16-Construction)	02/06/2019	Yes
	N/A	Yes (17-Construction)	02/22/2019	Yes
Qtr 4 (FY 19/20)	June 2019	Extension Granted	N/A	Yes
Qtr 1 (FY 20/21)	Sept 2019	Yes (18 Final)	08/05/2019	Yes

Source: Flagler County SCRAP/SCOP invoices submitted to District Five.
Grant SCOP G0A08 includes invoice for both design and construction phases.

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Invoice Supporting Documentation Compliance

Flagler County did not always submit supporting documentation or copies of contractor amendments for tasks completed on the projects as required by the Florida Single Audit Act, Part Three and Part Five.

Flagler County submits contractor invoice coversheets as supporting documentation with the invoice packets. The coversheets are a summary of project tasks and show percentage completion of the tasks by the contractor with no supporting detail sufficient for a proper post-audit as required by the agreements. See Figure 1 in Attachment 1.

We determined the following issues of non-compliance:

- Construction Engineering Inspector Status reports were not submitted in December 2018, January 2019, and February 2019 for the Grant SCOP G0A08.
- District Five rejected Grant G1C39 Invoice 5-Design. Flagler County did not provide the supporting documentation, the amended contract for subcontractor Crawford Murphy and Tilley (CMT), which was not reviewed and approved prior to execution by the district as required by the contract. This amendment reallocated the budget to cover the additional billed amount for Task C - "60% Submittal" services that were previously reported as completed on Invoice 4-Design. After District Five rejected the invoice, Flagler provided the amended contract for subcontractor CMT. The reallocation did not impact the overall amount of the grant amount but delayed the review and processing of the reimbursement invoice. Subsection 215.86, F.S., Management systems and controls, states there should be a system in place for compliance, efficient operations, and reliability of records and reports. Additionally, the State Funded Agreements, Attachment F states, "only expenditures for categories in the approved agreement budget may be reimbursed."
- There was no supporting documentation or copy of the permit fee on Grant G0E99 Invoice 8 Final-Design submitted by the subcontractor, HDR Engineering, for an additional task to obtain permits. See Figures 1 and 2 in Attachment 1. The permit fee increased the amount HDR Engineering invoiced from \$247,746 to the contract limit of \$250,000.

Submitting late or unsupported reimbursement invoices may cause a delay in processing payments.

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We recommend the Department's State Local Programs Administrator coordinate with District Five and Flagler County's Engineering Division:

- To improve invoice timeliness. To accomplish this recommendation, Flagler County and District Five could incorporate an invoice schedule for each grant indicating the date the invoices should be submitted and require a progress report if no billing activity has occurred during the quarter.
- Ensure all required supporting documentation is included in the invoice package submitted to District Five.
- Follow all provisions of the agreement.

During the audit, corrective actions recommended were completed by the District in coordination with the Department's State Local Program Administrator as detailed in Appendix D - Management Response.

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine if Flagler County maintains management controls for timely invoicing and to identify unallowable costs.

The **scope** of this audit consisted of State of Florida Small County Road Assistance Program (SCRAP) and Small County Outreach Program (SCOP) grants SCOP G0E99, SCOP G0A08, and SCRAP G1C39.

The **methodology** included:

- reviews of Federal and State Statutes, regulations, policies, and procedures;
- documentation reviews:
 - Grant G0E99, G0A08, and G1C39
 - Single Audit Reports for Flagler County for 2016, 2017, 2018, and 2019; and
- interviews with staff members:
 - Flagler County Engineering Division Staff.

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APPENDIX B – Criteria – Additional Details for Finding 1

Subsection 215.971(1)(d), F.S. (2020) - Subrecipient or recipient may expend funds only for allowable costs resulting from obligations incurred during the specified agreement period.

State of Florida, Department of Transportation - Small County Outreach Program Agreement (SCOP) Section 4(d) - States recipient (Flagler County) shall submit invoices at least quarterly in detail sufficient for a proper pre-audit and post-audit.

State Funded Agreements (CIGP, SCOP, SCRAP, TRIP) - Executed after 2018, were consolidated into one agreement and contains the following language: Section 7 (c) - Compensation and Payment, “Invoices shall *be submitted no more often than monthly and no less than quarterly* by the Recipient in detail sufficient for a proper pre-audit and post -audit, based on the quantifiable, measurable, and verifiable deliverables as established in Exhibit “A”. Deliverables and costs incurred must be received and approved by the Department prior to reimbursements. Requests for reimbursement by the Recipient shall include an invoice, progress report, and supporting documentation for the period of services being billed that are acceptable to the Department. The Recipient shall use the format for the invoice and progress report that is approved by the Department.”

State Funded Agreements, Attachment F - Contract Payment Requirements. Florida Department of Financial Services, Reference Guide for State Expenditures Cost Reimbursement Contracts - Invoices for cost reimbursement contracts must be supported by an itemized listing of expenditures by category. Supporting documentation shall be submitted for each amount for which reimbursement is being claimed and must indicate that the item has been paid.

Subsection 215.86, F.S. (2017-2018) - Each state agency and the judicial branch as defined in s. 216.011 shall establish and maintain management systems and controls that promote and encourage compliance; economic and efficient operations; reliability of records and reports; and safeguarding of assets. Accounting systems and procedures shall be designed to fulfill the requirements of generally accepted accounting principles.

Florida Single Audit Act, Part Three, Compliance Monitoring - Restrictions of expenditures are summarized in the Reference Guide for State Expenditures of the Department of Financial Services. Other specific requirements for allowable costs are unique to each state project and are found in the laws, rules, and the provisions of contracts or grant agreements pertaining to the project.

Florida Single Audit Act, Part Five I, Subrecipient Monitoring – Monitoring - A tracking system is established to assure timely submission of required reports (financial reports, performance reports, on-site monitoring).

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Florida Single Audit Act, Part Five, Control Activities - Operating policies and procedures are clearly written and communicated. Adequate segregation of duties provided between performance, review, and record keeping.

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APPENDIX C – Affected Entity Response

April 27, 2022

Mr. Joseph Gilboy
Director of Audit
FDOT Office of Inspector General
605 Suwannee St.
Tallahassee, FL 32399



Subject: Flagler County Engineering Department Response to
FDOT Draft Audit Report No. 201-005 (Dated: April 7, 2022)
Flagler County SCRAP and SCOP Funding

Dear Mr. Gilboy,

The Flagler County Engineering Department has reviewed the Draft Audit Report No. 201-005 provided by the Florida Department of Transportation Office of Inspector General (FDOT OIG) that was dated April 7, 2022. We appreciate the opportunities that have been provided to Flagler County by the FDOT to improve transportation infrastructure within the County through the small county grant funding initiatives. Additionally, we appreciate the FDOT OIG review of the Flagler County Small County Road Assistance Program (SCRAP) and Small County Outreach Program (SCOP), and evaluation of Flagler County's fiscal financial management processes.

The Flagler County Engineering Department is constantly striving for improvement within all aspects of the department and any constructive recommendations that help streamline the financial management process between the County and the FDOT are welcome and appreciated. Based on the three (3) audited project records and standard coordination efforts between the Flagler County Engineering Staff and FDOT District 5 relevant staff (e.g., Project Managers, Grant Coordinators, etc.), we believe the April 7, 2022, Draft Audit Report does not completely and accurately reflect the County's strict adherence to the Grant Funding Agreement requirements.

The Flagler County Engineering Department specifically disagrees with the total of billable quarters determined to be out of compliance with the grant agreements by the FDOT OIG due to untimely invoice reimbursement submittals. The FDOT OIG identifies five (5) out of 22 quarters as non-compliant, whereas the County identified only two (2) out of 22 quarters that were non-compliant. Additionally, the County Engineering Department reviewed the recommendations provided in the FDOT OIG draft audit report and agree that it would be beneficial to the County Engineering Department to coordinate with the Department's State Local Programs Administrator and District 5 to continue to improve the financial management process. We are happy to continue our coordination, however, we maintain that the County engineering department submits invoice reimbursement packages timely with required supporting documentation and follows the provisions of each individual grant agreement.

*Flagler County Engineering Department
Response to FDOT SCRAP and SCOP Audit Report No. 201-005*

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This report discusses our understanding of the FDOT OIG projects audit process and the coordination efforts between FDOT OIG and Flagler County during the audit period and presents our opinion and response to the FDOT Draft Audit Report.

Once again, we appreciate your constructive comments and suggestions. If you have any questions, or if we may be of further assistance, please do not hesitate to contact us.

Sincerely,

FLAGLER COUNTY ENGINEERING DEPARTMENT

Faith Alkhatib, P.E., MBA
Digitally signed by Faith Alkhatib, P.E., MBA
Date: 2022.04.27 16:43:39 -04'00'

Faith Alkhatib, P.E., MBA
County Engineer

*Flagler County Engineering Department
Response to FDOT SCRAP and SCOP Audit Report No. 201-005*

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OIG Response to Flagler County

The Flagler County Engineering Department response letter was included as part of a 517-page response to the report. The entire response is available for review upon request.

We have reviewed the response from The Flagler County Engineering Department and have made the following corrections to the audit report:

1. Flagler County Response: G0A08 SCOP Agreement Section F Reference: There is not a Section F in the grant agreement that contains language concerning pre-audit and post-audit requirements. Section 4 d. of the G0A08 grant agreement discusses the pre-post audit requirements.
 - **OIG response:** State of Florida Department of Transportation Small County Outreach Program Agreement (SCOP) Contract Number G0A08 does not contain a Section F and this reference was removed.

2. Flagler County Response: The FDOT OIG identified five (5) quarters out of twenty-two (22) that they deemed to be out of compliance for timely invoice reimbursement submittals. Based on our review of the project coordination and correspondence between Flagler County Engineering and District 5, documentation submitted to the Department for invoice reimbursement, and our understanding of the criteria outlined in the project's SCOP/SCRAP grant agreements, the County engineering department identified only two (2) out of the twenty-two (22) quarters audited that were out of compliance for timely submittals.
 - **OIG response:** The quarters in question were re-evaluated and the number of quarters out of compliance was reduced from 5 to 3, since 2 quarters were determined to have no billable services. The number of compliant quarters remains at 22. We identified 7 total quarters that were not applicable to the compliance requirement. Tables 3 and 4 have been updated as indicated below.
 - Table 3 - Grant SCOP G0E99 Qtr 1 (FY 18/19) Sept 2018 Invoice compliance changed from "No" to "N/A", there were no billable services.
 - Table 4 - Grant SCOP G0A08 Qtr 2 (FY 18/19) December 2017 Invoice compliance changed from "No" to "N/A". Although there were billable services for Qtr 2, Flagler County Engineering Department did not receive the invoice until March 2018.

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APPENDIX D – Management Response

On August 19, 2022, the OIG received the following response from Precious Lewis, District 5 Local Program Manager with concurrence from Lorraine Moyle, State Local Program Administrator.

Finding 1 – Management Controls

Finding: We determined Flagler County could improve financial management process controls regarding the timely submission of invoices. We identified 3 of 32 quarters that were not in compliance with SCRAP/SCOP agreements. **We also determined** although there were no unallowable costs, improvements could be made regarding status reports and invoice supporting documentation.

Recommendation: We recommend the Department’s State Local Programs Administrator coordinate with District Five and Flagler County’s Engineering Division:

- To improve invoice timeliness. To accomplish this recommendation, Flagler County and District Five could incorporate an invoice schedule for each grant indicating the date the invoices should be submitted and require a progress report if no billing activity has occurred during the quarter.
- Ensure all required supporting documentation is included in the invoice package submitted to District Five.
- Follow all provisions of the agreement.

Response to Finding: We concur with the finding and recommendation.

Corrective Action:

- District Five has added new language to Exhibit A on all State Funded Grant Agreements indicating the submission timeframe and frequency for invoices and Project Monitoring Status Reports throughout the duration of a project. Invoices, project monitoring reports, and other supporting documentation will be submitted within 180 days of the Department’s Notice to Proceed and no more than monthly and no less than quarterly thereafter.
- District Five has implemented new language to the executed agreement transmittal email that includes the requirement to upload the Agency’s executed contract with their awarded firm into GAP. Furthermore, the District will request any supporting documentation needed for invoices pursuant of Section 7(d) and Attachment F of the State Funded Grant Agreement.
- District Five works diligently to ensure the compliance of all Local Program agreements. The recommendations provided by OIG have been taken into consideration and have been implemented. We will continue to provide the proper project oversight to achieve compliance on all agreement provisions.

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Estimated Completion Date:

Effective date of the new agreement language was February 2022. Effective date of new transmittal language is August 2022.

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Faith Alkhatib, P.E., Public Works Director & County Engineer, Flagler County

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PROJECT TEAM

Engagement was conducted by:
Andrea Sistrunk, Senior Audit Supervisor

Under the supervision of:
Jessica Mobley, Deputy Audit Director for Intermodal
Joseph W. Gilboy, Director of Audit

Approved by:
Kristofer B. Sullivan, Inspector General

STATEMENT OF ACCORDANCE

The Department's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

The Office of Inspector General's mission is to provide independent and objective investigative and audit services that promote accountability, integrity, and efficiency within the Florida Department of Transportation and its partners.

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Please address inquiries regarding this report to the Department's Office of Inspector General at (850) 410-5800.

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ATTACHMENT 1 – Cost Reimbursement Audit Report Examples

Figure 1: Example from G0E99 – Invoice 7-Design

Illustrates HDR Engineering invoice reporting; 11 Professional Services Tasks by percent completed with a contracted fee of \$247,746.



HDR Engineering, Inc.
Orlando, FL 32801
Phone: (407) 420-4200

Flagler County Engineering
Attn: Faith Alkatib, County Engineer
1789 East Moody Boulevard
Building 2
Bunnell, FL 32110

RECEIVED

AUG 20 2018

ENGINEERING
FLAGLER COUNTY, FLORIDA

Invoice

Reference Invoice Number with Payment

HDR Invoice No. **1200136733**
Invoice Date August 14, 2018
Invoice Amount Due \$39,468.29
Payment Terms Net 30

Remit to Remit to
PO Box 74008202
Chicago, IL 60674-8202
Bank of America
Account #: 355004078804
Transit #: 081000032

RE: Resurfacing and Roadway Safety Improvement of CR304 between CR305
Fee: Lump Sum \$247,746.00
Contract No. RSQ-Q005-0-2015 / WA No. WA-20

Professional Services
From: April 29, 2018 To: August 4, 2018

Professional Services	Fee	Percent Complete	Fee Earned To Date	Previous Fee Invoiced	Current Fee Invoiced	Task Balance
01 Data Collections	1,500.00	100.00%	1,500.00	1,500.00	0.00	0.00
02 Roadway Analysis and Plans	35,685.00	98.00%	34,873.30	32,026.60	2,846.80	711.70
03 Drainage Design and Plans	25,300.00	98.00%	24,784.00	22,770.00	2,014.00	506.00
04 Environmental Services	1,160.00	100.00%	1,160.00	1,136.80	23.20	0.00
05 Utility Coordination	7,110.00	100.00%	7,110.00	6,369.00	711.00	0.00
06 Signing and Pavement Markings	30,570.00	98.00%	29,958.60	27,513.00	2,445.60	611.40
07 General Task	22,110.00	100.00%	22,110.00	26,199.00	2,911.00	0.00
08 Project Management	27,300.00	98.00%	26,642.20	24,891.00	2,191.20	547.80
09 Expenses	1,160.00	100.00%	1,160.00	71.01	1,088.99	0.00
10 Sub-Southeastern Surveying	78,661.00	100.00%	78,661.00	53,434.50	25,226.50	0.00
11 Sub-GEC	10,140.00	100.00%	10,140.00	10,140.00	0.00	0.00
	\$247,746.00	99.04%	\$245,369.10	\$205,900.81	\$39,468.29	\$2,376.90

Amount Due this Invoice \$39,468.29

Fee Amount	\$247,746.00
Fee Invoiced to Date	\$245,369.10
Fee Remaining	\$2,376.90

HDR Internal Reference Only	
Client Number	3817
Business Unit	15041
Project Number	10082688

PAYMENT APPROVAL

P.O. # 24801 F ① Vendor # 6677

ACCOUNT NO. 112-8252-541.6357 AMOUNT \$ 39,468.29

439,404

Approved By: *[Signature]* Date 12-5-18

Faith Alkatib

Source: Flagler County Invoice submitted to District Five

**Office of Inspector General
Florida Department of Transportation**

Figure 2: Example from G0E99 – Invoice 8 Final-Design

Illustrates HDR Engineering invoice reporting; 12 Professional Services Tasks by percent completed with an updated contracted fee of \$250,000.



HDR Engineering, Inc.
Orlando, FL 32801
Phone: (407) 420-4200

RECEIVED

MAR 22 2019

Engineering
Flagler County, Florida

Invoice

Reference Invoice Number with Payment

HDR Invoice No. **1200177728**
Invoice Date **March 8, 2019**
Invoice Amount Due **\$4,630.00**
Payment Terms **Net 30**

Remit to
Remit to
PO Box 74008202
Chicago, IL 60674-8202
Bank of America
Account # 335004076904
Transit #: 081000032

RE: Resurfacing and Roadway Safety Improvement of CR304 between CR305
Fee: Lump Sum \$247,746.00
Contract No. RSQ-Q099-6-2015 / WA No. WA-20

Professional Services
From: October 1, 2018 To: March 2, 2019

Professional Services	Fee	Percent Complete	Fee Earned To Date	Previous Fee Invoiced	Current Fee Invoiced	Task Balance
01 Data Collections	1,580.00	100.00%	1,580.00	1,580.00	0.00	0.00
02 Roadway Analysis and Plans	35,585.00	100.00%	35,585.00	34,873.50	711.70	0.00
03 Drainage Design and Plans	25,300.00	100.00%	25,300.00	24,794.00	506.00	0.00
04 Environmental Services	1,180.00	100.00%	1,180.00	1,180.00	0.00	0.00
05 Utility Coordination	7,110.00	100.00%	7,110.00	7,110.00	0.00	0.00
06 Signing and Pavement Markings	30,570.00	100.00%	30,570.00	29,958.80	611.40	0.00
07 General Task	29,110.00	100.00%	29,110.00	29,110.00	0.00	0.00
08 Project Management	27,390.00	100.00%	27,390.00	26,542.20	847.80	0.00
09 Expenses	1,160.00	100.00%	1,160.00	1,160.00	0.00	0.00
10 Sub-Southeastern Surveying	78,661.00	100.00%	78,661.00	78,661.00	0.00	0.00
11 Sub-GEC	10,140.00	100.00%	10,140.00	10,140.00	0.00	0.00
12 Supplement#1 - SJRWMD Permit	2,254.00	100.00%	2,254.00	0.00	2,254.00	0.00
Sub-	\$250,000.00	100.00%	\$250,000.00	\$245,366.10	\$4,630.90	\$0.00

Amount Due this Invoice **\$4,630.90**

Fee Amount	\$250,000.00
Fee Invoiced to Date	\$245,366.10
Fee Remaining	\$4,630.90

HDR Internal Reference Only	
Client Number	3817
Business Unit	95041
Project Number	16082583

PAYMENT APPROVAL Audit Appr. *R*

P.O.# 2481 Vendor 6691

ACCOUNT NO. 112-822-511-6357 AMOUNT \$ 23,766.90

112-822-511-6357 2,254.00

439,404 \$ 4,630.90

Approved By: *[Signature]* Date 3-25-2019

FAITH ALKATIB

Source: Flagler County Invoice submitted to District Five

**Office of Inspector General
Florida Department of Transportation**

Figure 2 (continued): Example from G0E99 – Invoice 8 Final-Design

Progress Report submitted with HDR Engineering invoice; Description of Activities report and permits obtained. No supporting documentation was provided for the permit.



Resurfacing and Roadway Safety Improvements of CR 304 between CR 305 and US 1

Progress Report No. 8 - Final
 Invoice No. 1200177728
 Period: October 1, 2010 – March 2, 2019
 Date: March 8, 2019

Project Description: The following describes the scope of work and responsibilities required for the proposed improvements along CR 304 from CR 305 to US 1 in Flagler County, Florida. This project is intended to mill and resurface the existing two-lane roadway and incorporate safety upgrades. The Consultant shall review the existing conditions and develop a list of improvements which will be divided into three categories:

- Mill and Resurfacing
 - Pavement Rehabilitation
 - New Signing and Pavement Markings
 - Shoulder rework
- Safety Improvements
 - Replace existing guardrail
 - Install new guardrail
 - Extend culverts and cross drains
- Project Enhancements
 - Pavement widening
 - Paved shoulder

Description of Activities during Reporting Period:

- Obtained Permits for both segments from SJRWMD
- Submit S&S plans and specifications

Description of Activities Planned for Period beyond March 7, 2019:

- None

Key Decisions/Items Needed or to be Resolved to Maintain Schedule:

- None

Changes in Scope or Schedule:

- None this period

hdrinc.com
 315 East Robinson Street, Suite 400
 Orlando, FL 32801
 T 407.420.4200 F 407.420.4342

Source: Flagler County Invoice submitted to District Five