



Florida Department of TRANSPORTATION

Office of Inspector General Kristofer B. Sullivan, Inspector General

Audit Report No. 211-011
Miami-Dade Department of Transportation and Public Works

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Kristofer B. Sullivan
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July 14, 2023

What We Did

The Florida Department of Transportation (Department) Office of Inspector General (OIG) conducted an audit of the Miami-Dade Department of Transportation and Public Works (Miami-Dade DTPW) accounting and financial management policies, procedures, and processes. Additionally, we reviewed the required Grant Agreements (Agreement) for selected grants G1B99 and G1H79 to ensure financial management of funds is in accordance with federal regulations, state statutes, Department policies, and procedures. This audit was conducted as part of our annual work plan for the fiscal year (FY) 2020-21.

What We Found

We determined Miami-Dade DTPW's written accounting policies and procedures are in accordance with federal regulations, state statutes, and Florida Department of Transportation policies and procedures.

We determined Miami-Dade DTPW is compliant with the use of funds provided and expended for allowable, reasonable, allocable, and necessary activities for Agreements G1B99 and G1H79.

There is one observation detailed in the body of the report.

What We Recommend

There are no recommendations.

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BACKGROUND AND INTRODUCTION

Public transit services provide essential linkages between different modes of transportation. The Florida Department of Transportation (Department) Transit Office consists of three sections (Grants and Procurement; Transit Operations; Transit Planning), each of which has specific areas of responsibility. Transit services provide numerous opportunities to move people and goods through multiple modes including highways/streets, air, rail, sea, spaceports, and an ever-expanding deployment of bicycle and pedestrian facilities.

Transit agencies that receive federal funding are required to follow Title 2, Part 200, Code of Federal Regulations (C.F.R.)-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, otherwise known as the Uniform Grant Guidance, to manage their federally assisted grants. All pass-through entities must ensure that their subrecipients are following the federal requirements. These grants subsidize operational costs of transit agencies or enable vehicle purchases, unlike other grant programs which typically support construction costs. Some operational grants awarded by the Department may fund specific routes for specific purposes, while others may subsidize the overall budget of the transit agency.

Miami-Dade Department of Transportation and Public Works (DTPW)

Miami-Dade DTPW, formerly known as Miami-Dade Transit Authority, operates the 18th largest public transit system in the country and the largest transit agency in Florida. The agency develops, coordinates, and operates the County's transportation networks with a goal of improving mobility to create a resilient and sustainable community for residents, businesses, and visitors. In addition, Miami-Dade DTPW administers the planning, construction and maintenance of road systems, bridges, drainage, pathways, traffic signals, roadway infrastructure maintenance, inspection, compliance, and improvement programs. Miami-Dade DTPW partners with local, state, and federal agencies to ensure regulatory compliance and cooperation on large scale infrastructure initiatives.

Miami-Dade DTPW relationship with the Department

Miami-Dade DTPW receives transit capital assistance and operating assistance grants that are pass-through funds from the Department. Miami-Dade DTPW also receives Federal Transit Administration (FTA) funds that are used in Transit grants. Miami-Dade DTPW is located within the geographic location of the Department's District Six and is assigned a Grant Manager who is responsible for the oversight of the pass-through funds to ensure compliance with federal and state statutes and regulations.

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Miami-Dade DTPW and the Department have executed cost reimbursement grants: “Public Transit Block Grant Program” (Agreement G1B99) and “Public Transportation Grant Agreement” (Agreement G1H79). These agreements state the terms and conditions upon which FTA and Department funds are to be disbursed and sets forth the way deliverables and tasks will be undertaken and completed.

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RESULTS OF REVIEW

We conducted an audit of Miami-Dade Department of Transportation and Public Works (Miami-Dade DTPW) with the following objectives:

1. Determine if the Miami-Dade DTPW written accounting policies and financial management procedures and processes are in accordance with the federal regulations, state statutes, and Florida Department of Transportation policies and procedures.
2. Determine if Miami-Dade DTPW federal funds expended are allowable, reasonable, allocable, and necessary expenditures and supported by the required documentation. Additionally, determine if submitted invoices for reimbursement are in accordance with federal regulations, Department guidelines, and Grant Agreements (Agreements).

Finding 1 – Compliance of written policies and procedures

We determined Miami-Dade DTPW's written accounting policies and procedures are in accordance with federal regulations, state statutes, and Florida Department of Transportation policies and procedures.

Miami-Dade DTPW policies and procedures were tested against the following criteria:

- Title 2, Part 200.302(a), Code of Federal Regulations (C.F.R.)-Financial Management;
- 2 C.F.R. 200.303(a)-Internal Controls;
- Section 215.97(1)(a)(b), Florida Statutes, (F.S.) (2021);
- Section 215.97(10), F.S. (2021);
- Section 215.86(2), F.S. (2020);
- State of Florida, Department of Transportation-Public Transit Block Grant Agreement G1B99; and
- State of Florida, Department of Transportation-Public Transportation Grant Agreement G1H79.

The complete criteria used for this finding can be found in Attachment 1.

Miami-Dade DTPW's accounting and financial management policies and agreements were reviewed for statutory criteria requirements, procedures to guide processes, and for language that addressed internal controls, in accordance with federal regulations, state statutes, Department policies, procedures, and Agreements. Miami-Dade DTPW has written policies and procedures as required by law and the Department.

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The following Miami-Dade DTPW policies and procedures were reviewed and are in compliance with statutory criteria:

1. Procurement, Contracts Administration and Monitoring
2. Quality Assurance Audit Procedure
3. Quality Assurance and Quality Control Requirements for Transit Projects
4. Miami-Dade Federal Reimbursement Request
5. Standard Operating Procedures Guidelines
6. DTPW Fixed Asset Policies and Procedures Manual
7. Bid Protest Procedures
8. Federal Reimbursement Request Procedures for FTA Grants
9. Contractor's and Consultant's Quality Assurance Plan Review
10. Master Procurement Implementing Order

There are no recommendations for this finding.

Finding 2 – Financial Management Controls

We determined Miami-Dade DTPW is compliant with the use of funds provided and expended for allowable, reasonable, allocable, and necessary activities for Agreements G1B99 and G1H79.

Miami-Dade DTPW's management controls were tested against the following criteria:

- 2 C.F.R. 200.402-Composition of costs;
- 2 C.F.R. 200.403(a)-Factors affecting allowability of costs;
- 2 C.F.R. 200.404-Reasonable costs;
- 2 C.F.R. 200.405(a)(1)(3)-Allocable costs;
- 2 C.F.R. 200.413-Direct costs;
- Section 215.971(1)(d), F.S. (2021);
- Section 215.97, F.S. (2021);
- State of Florida, Department of Transportation-Public Transit Block Grant Agreement G1B99; and
- State of Florida, Department of Transportation-Public Transportation Grant Agreement G1H79.

The complete criteria used for this finding can be found in Attachment 1.

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We conducted a compliance review of selected Agreements G1B99 and G1H79 in fiscal years (FY) 2019-20 and FY 2020-21.

We reviewed five of five invoices, for Agreement G1B99, with 75-line items of salary and fringe benefit expenses and two of two invoices for Agreement G1H79 with 97-line items of design and construction expenses. As a result of the review, all line items were compliant with 2 C.F.R. 200.403-405 which details the criteria costs must meet to be allowable under federal awards. The results of the review also indicate that Agreement G1B99 was compliant with the timely submission of invoices.

There are no recommendations for this finding.

Observation 1 – Agreement G1H79 Invoice Submittal

We observed Agreement G1H79 in the amount of \$100 million has expenditures of \$18,029,021.63, as of 12/31/2022, the original ending date of the agreement. There is a remaining balance of \$81,970,978.37. An amendment executed on 11/29/2022 extends the agreement to 12/31/2025 and indicates Miami-Dade DTPW has expended an additional \$10,097,657.00.

We also observed Miami-Dade DTPW has not submitted invoices for agreement G1H79 to District Six for any invoice period during the calendar year 2022. There have been two invoices submitted on this Agreement. Invoice one, submitted on 6/1/2022 (FY 21-22) for the period of 2/2/2021-5/25/2021 and invoice two, submitted on 8/20/2022 (FY 22-23) for period of 5/26/2021-12/25/2021.

Table 2 shows all invoice periods submitted by Miami-Dade DTPW which go through period ending on 12/25/2021. Invoice 1 and Invoice 2 were both paid in 2022 but both were for billing periods in 2021.

Table 2: Agreement G1H79 – Invoice Submission

Invoice billing period	Invoice number	Date Invoice Received by District Six	Invoice amount
2/2/2021-5/25/2021	1	6/1/2022	\$14,518,907.43
5/26/2021-12/25/2021	2	8/20/2022	\$3,510,114.20

Source: Miami-Dade DTPW invoices received from District Six

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine if Miami-Dade Department of Transportation and Public Works financial management procedures, processes, and documentation comply and are in accordance with federal regulations, state statutes, and Department guidelines and Agreements.

The **scope** of this audit consisted of the Department Agreements G1B99 and G1H79 with Miami-Dade Department of Transportation and Public Works (Miami-Dade DTPW) for fiscal years 2019-2022.

The **methodology** included:

- Review of statutes, rules, regulations, policies, and procedures:
- Documentation reviews
 - Uniform Grant Guidance (2 C.F.R. 200).
 - State statutes.
 - State of Florida, Department of Transportation, Public Transit Block Grant G1B99 invoice packages and supporting documentation.
 - State of Florida, Department of Transportation, Public Transportation Grant Agreement G1H79 invoice packages and supporting documentation.
 - Single Audit Reports for Miami-Dade for 2018, 2019, and 2020.
 - 2021 Florida Transit Handbook.
 - Miami-Dade DTPW Standard Operating Procedures.
 - Miami-Dade DTPW Employee Code of Conduct.
 - DTPW Fixed Asset Policies and Procedures Manual.
 - Federal Reimbursement Request Procedure for FTA Grants.
 - Transit Administrative Policy.
 - Procurement, Contracts Administration and Monitoring.
 - Quality Assurance and Quality Control Requirements for Transit Projects.
 - Quality Assurance Audit Procedure.
- Walkthrough with Miami-Dade DTPW on Invoices and Payment Processing Procedure.

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APPENDIX B – Affected Entity Response

The OIG received an email from Mia Marin, Grants Administrator, Miami-Dade Department of Transportation and Public Works (DTPW) on June 20, 2023, with the following response: “If DTPW does not need to provide a response, then by way of this email we would like to inform OIG that DTPW reserves the right to not provide a response since there were no recommendations on the OIG Report Assignment #21I-011.”

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APPENDIX C – Management Response

The OIG received an email from Erin Schepers, Grants Program Administrator, Florida Department of Transportation on June 28, 2023, with the following response: “We appreciate the opportunity to review the report and are pleased there are no findings or recommendations. With that, we have no formal written response.”

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Mia B. Marin, Grants Administration, Miami-Dade DTPW

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PROJECT TEAM

Engagement was conducted by:
James Burke, Auditor

Under the supervision of:
Andrea Sistrunk, Senior Audit Supervisor
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 – Criteria: Additional Details for Findings 1 and 2

2 C.F.R. 200.302(a)-Financial Management Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

2 C.F.R. 200.303(a)-Internal Controls Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 C.F.R. 200.402-Composition of Costs The total cost of a federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

2 C.F.R. 200.403(a)-Factors affecting allowability of costs A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

2 C.F.R. 200.404-Reasonable costs Outlines how reasonable costs should be determined. In determining reasonableness, consideration must be given to: Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws, and regulations; and terms and conditions of the Federal award. Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

2 C.F.R. 200.405(a)(1)(3)-Allocable Costs A cost is allowable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. Is incurred specifically for the Federal award; is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

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2 C.F.R. 200.413–Direct Costs Direct cost can be identified by the specific final cost object or whose costs can be directly assigned to an activity. Direct costs that identify with the award rather than nature of goods or service involved is the determining factor to distinguish direct cost from indirect costs. This section provides guidance for the treatment of salaries, utilities, office space, etc.

Subsection 215.971(1)(d), (F.S.) (2021) A subrecipient and recipient must expend funds only for allowable costs resulting from obligations incurred during the specified agreement period.

Subsection 215.97, (F.S.) (2021), Florida Single Audit Act (1) (a)(b) Establish uniform state audit requirements for state financial assistance provided by state agencies to nonstate entities to carry out state projects. Promote sound financial management, including effective internal controls, with respect to state financial assistance administered by nonstate entities. Promote audit economy and efficiency by relying to the extent possible on already required audits of federal financial assistance provided to nonstate entities.

Subsection 215.86, (F.S.) (2020) Management systems and controls 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 Five, Control Activities Operating policies and procedures are clearly written and communicated. Adequate segregation of duties between performance, review, and record keeping.

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

State of Florida, Department of Transportation-Public Transit Block Grant

Program G1B99 Contains the terms of the agreement between the State of Florida, Department of Transportation (Department) and Miami-Dade DTPW for annual Block Grant operating and capital expenditures at 50% state matching participation.

State of Florida, Department of Transportation-Public Transportation Grant

Agreement G1H79 Contains the terms of the agreement between the State of Florida, Department of Transportation and Miami-Dade DTPW for development and construction for South Corridor Rapid Transit Project at 33.33% state matching participation.