



Florida Department of TRANSPORTATION

Office of Inspector General
Robert E. Clift, Inspector General

A handwritten signature in blue ink, reading "Robert E. Clift", is positioned to the right of the printed name.

Audit Report No. 17P-1002
Local Agency Program Audit

March 5, 2018

What We Did

The Office of Inspector General (OIG) performed a review of the Department of Transportation's (department) Local Agency Program (LAP). This was completed by evaluating the LAP Manual Chapter 2 - Local Agency Program Certification and Performance Management, the LAP Quality Assurance Review (QAR) performed by Central Office (CO), and the performance evaluation and invoice processes completed in Districts Two, Four, and Six.

What We Found

We determined:

- the department LAP manual paralleled federal regulations;
- performance evaluations and quality assurance reviews were completed as required; and
- the invoice payment process was in compliance.

We have provided opportunities to improve the LAP performance evaluation process and quality assurance review process.

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BACKGROUND AND INTRODUCTION

The Local Agency Program (LAP) provides towns, cities, and counties funds from the Federal Highway Administration (FHWA) to develop, design, and construct transportation facilities to improve mobility and safety, reduce congestion, and enhance and preserve existing infrastructure. The department provides stewardship and oversight of these federal funds and oversees local agency compliance with state and federal requirements for LAP projects. The State Local Programs Administrator in the Central Office provides policies and procedures for seven districts (Turnpike does not have any LAP projects).

RESULTS OF REVIEW

We performed an operational review of the Local Agency Program to determine compliance with laws, rules, regulations, and internal policies and procedures. We determined the department LAP manual paralleled federal regulations, performance evaluations and quality assurance reviews were completed as required, and the invoice payment process was in compliance. We have provided opportunities to improve the LAP performance evaluation process and quality assurance review process.

Local Agency Program Manual Chapter 2 and United States Code Comparison

We evaluated the LAP Manual Chapter 2 – Local Agency Program Certification and Performance Management (manual) and determined the department adequately paralleled the requirements and standards of 23 United States Code (U.S.C.) 106 and the Stewardship and Oversight Agreement (Agreement).

Local Agency Program Performance Evaluation Process Review

We determined the performance evaluations in the districts were completed as specified in Chapter 2 - Local Agency Program Certification and Performance Management.

Chapter 2 of the manual requires each local agency to receive a performance evaluation after a project is completed.

We reviewed selected LAP Performance Evaluation forms for the local agencies in Districts Two, Four, and Six with completed projects in state fiscal years 2015/2016 and 2016/2017. We determined:

- District Two had four project evaluations. The four agencies evaluated passed with a satisfactory performance score rating;
- District Four had six project evaluations. Four agencies passed with a satisfactory performance score rating, one agency passed with an above satisfactory performance rating, and one agency received a total score of 73; and

- District Six had 12 project evaluations. District Six did not provide the average performance score rating of the evaluated agencies, only the total scores.

Although the districts are completing the forms, the manual and LAP Performance Evaluation form do not provide enough detail on scoring the performance evaluations to ensure consistency statewide. For example, the manual provides definitions for performance ratings of unsatisfactory, satisfactory, and above satisfactory; however, the definitions do not include a rating scale. Without a corresponding rating scale, districts are inconsistently applying the definitions. Additionally, District Six only provided the total scores and did not provide the count and average scores. This could be caused by insufficient procedural guidance on how to complete the form.

Based on this information, we identified three opportunities for improvement to the LAP Performance Evaluation form:

1. Provide a rubric rating scale for the unsatisfactory, satisfactory, and above satisfactory performance ratings;
2. Provide a total, count, and average performance evaluation score for each evaluated agency as specified on the form; and
3. Add the date completed.

Quality Assurance Review

Central Office has procedures in place which are being followed for the completion of the LAP Quality Assurance Reviews (QAR) in the districts. Per the Agreement, QARs are a required performance indicator for compliance. Final reports were completed for each district for state fiscal years 2014/2015, 2015/2016, and 2016/2017.

We reviewed Procedure No. 001-260-001 *Quality Assurance and Quality Control* (procedure), the Annual Quality Assurance Monitoring Plan, and the Local Agency Program Quality Assurance Review Checklist FY 17 which were used by Central Office to perform the reviews. Seven QARs were completed by Central Office and all reviews followed the procedures in place.

For state fiscal year 2014/2015, reports were completed and all districts passed the reviews completed by Central Office. Since the districts passed the reviews, no corrective action plans were required and no follow-up by Central Office was needed.

For state fiscal year 2015/2016, multiple offices¹ within the department and FHWA performed QARs and included LAP projects as part of their QAR. Central Office partnered with these offices to complete the LAP portion of the QAR. Separate reports were issued by each of the offices conducting the QARs.

¹ Product Evaluation Division and Equal Opportunity Office

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For state fiscal year 2016/2017, district QARs were completed. Corrective plans were completed by all seven districts for the findings in the reports. Review follow-up meetings by Central Office are being scheduled.

We identified opportunities for improvement to the QAR process:

1. Establish a follow-up procedure to ensure the districts respond to the final report with a corrective action plan and the district implements the plan; and
2. Review the new department Organization Development system for QARs and determine if this could be utilized.

Local Agency Program Invoice Process

We selected LAP contract payments from three districts that were submitted from the local agencies to the districts. We reviewed all payments for all active LAP contracts in Districts Two, Four, and Six totaling 100 payments. Of the 100 payments reviewed, 98% were timely and met the 20-day request for payment requirement.

We reviewed the LAP projects invoices submitted by the local agencies for state fiscal years 2015/2016 and 2016/2017. The documentation of the invoices was submitted by the local agencies to the districts and from the districts to the Florida Accountability Contract Tracking System (FACTS) and Florida Accounting Information Resource (FLAIR).

The results of the review are:

- District Two had a total of 35 payment requests (10 contracts) which were 100% timely. The total of the payments was \$5,489,886.
- District Four had a total of 45 payment requests (10 contracts) which 43 (96%) were paid timely. The total of the 45 payments was \$4,807,026.
 - Two payments (one invoice) were seven days late due to lack of documentation. The two payments totaled \$290,958.
- District Six had a total of 20 payment requests (9 contracts) which were 100% timely. The total of the payments was \$1,179,796.

APPENDIX A – Purpose, Scope, and Methodology

Section 20.055, Florida Statutes, requires the OIG to conduct audits, examinations, investigations, and management reviews related to programs and operations of the department. This audit was performed as part of the OIG's mission to promote accountability, integrity, and efficiency for the citizens of Florida by providing objective and timely audit and investigative services.

The **purpose** of this engagement was to conduct an operational audit of the Local Agency Program (LAP) to ensure compliance with LAP processes, Federal Highway Administration (FHWA) processes, and the Central Office Quality Assurance Review (QAR) program.

The **scope** of this audit included the processes and responsibilities of the department for oversight as detailed in the LAP Manual and Procedure 525-010-300; and the reviews completed by the Central Office and FHWA for state fiscal years 2014/2015, 2015/2016, and 2016/2017.

The **methodology** included:

- reviewing applicable federal, state, and department laws, rules, and regulations;
- reviewing internal manuals, procedures, and processes;
- interviewing the State Local Programs Administrator; and
- analyzing the use of the design phase in district LAP contracts.

APPENDIX B – Management Response

On March 1, 2018, Lorraine Moyle, State Local Programs Administrator from the Program Management Office, responded they have no comments regarding the report since there were no findings or recommendations.

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DISTRIBUTION

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PROJECT TEAM

Engagement was conducted by:
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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 promote integrity, accountability, and process improvement in the Department of Transportation by providing objective, fact-based assessments to the DOT team.

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.