



Florida Department of TRANSPORTATION

Office of Inspector General Memorandum

A handwritten signature in black ink that reads "Kris Sullivan".

TO: Carla Perry, P.E., Manager, Procurement Office

FROM: Kris Sullivan, Inspector General

DATE: June 10, 2019

SUBJECT: OIG Engagement 18C-3004: Jacobs Engineering Follow-up and Recommendation

COPY: Kevin Thibault, P.E., Secretary
Torey L. Alston, Chief of Staff
Stacy Miller, Assistant Secretary for Finance and Administration
Courtney Drummond, Assistant Secretary for Engineering and Operations
Stephanie Iliff, Director of Administration
Jeffrey Owens, CPA, Audit Administrator, Procurement Office
Moira Restaino, Controller, Jacobs Engineering Group, Inc.
Julie Garber, Compliance Manager, Jacobs Engineering Group, Inc.

What We Did

The Office of Inspector General (OIG) conducted a follow-up review of Jacobs Engineering Group, Inc. (Jacobs) concerning a recommendation included in the OIG advisory report No. 13C-3005 dated February 12, 2014. The OIG advisory report No. 13C-3005 reviewed whether the Florida Turnpike Enterprise's five¹ General Engineering consultants' internal controls over labor charging and timekeeping systems were effective, complete, and sufficiently detailed to detect time recording and billing errors.

The 2014 review identified one concern associated with Jacobs' time tracking system. Jacobs did not record all hours worked for salaried (exempt) employees. Title 48, Part 37.115, Code of Federal Regulations and the Defense Contractor Audit Agency Contract Audit Manual² require contractors to account for all hours worked in order to ensure that salary and applicable indirect costs are being equitably allocated for all effort performed by the employees during the period. The OIG report recommended

¹ Jacobs was one of the five General Engineering consultants reviewed.

² Section 6-410.3b.

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Jacobs' management revise their policies and procedures to instruct employees to record all hours worked.

During the follow-up review, we:

- inquired whether Jacobs implemented an all hours worked policy as recommended;
- reviewed correspondence demonstrating the all hours worked policy was disseminated to Jacobs' employees;
- reviewed Jacobs' Fiscal Year (FY) 2017 Statement of Direct Labor, Fringe Benefits, and General Overhead (Statement) for the Building and Infrastructure Americas Design³ (BIA Design) unit for fiscal year ended September 29, 2017, to determine how uncompensated overtime was reported; and
- reviewed CPA workpapers and Jacobs' financial documentation to determine whether uncompensated overtime reported in Jacobs' 2017 Statement was supported.

What We Determined

We determined:

- effective January 2, 2016, Jacobs complied with the recommendation to implement an all hours worked policy. As a result of the new policy, the BIA Design unit changed its cost accounting practice wherein exempt employees record all hours worked. We noted no concerns with the newly implemented policy;
- Jacobs' management offered four training sessions covering the new all hours worked policy, beginning December 14, 2015;
- Jacobs reported a credit to their General and Administrative Overhead cost accounts for uncompensated overtime in their FY 2017 Statement, and the credit was supported by CPA workpapers and Jacobs' trial balance.

No further action is required.

³ The Florida Department of Transportation's Procurement Office conducts an annual overhead rate review of BIA Design, a business unit of Jacobs.