



# Florida Department of TRANSPORTATION

## Office of Inspector General Memorandum

A handwritten signature in black ink, appearing to read "KSullivan".

TO: Tom Byron, Assistant Secretary Strategic Development  
Gerard O'Rourke, State Freight & Logistics Administrator

FROM: Kristofer Sullivan, Inspector General

DATE: May 13, 2019

SUBJECT: 18I-3001, Follow-up to Auditor General Aviation Findings

COPY: Kevin J. Thibault, P.E., Secretary, Department of Transportation  
Torey L. Alston, Chief of Staff  
Aaron Smith, State Aviation Manager  
Annette Lapkowski, Strategic Development Finance/Contract Administrator  
Lisa Wilkerson, Statewide Grant Coordinator

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The Florida Auditor General (AG) issued seven findings<sup>1</sup> to the Aviation and Spaceports Office (ASO), in March 2017, regarding internal control deficiencies over its management of the Aviation Grant Program. During the annual risk assessment conducted by the Office of Inspector General (OIG) for Fiscal Year (FY) 2017-2018, the Assistant Secretary of Strategic Development, Tom Byron, requested a follow-up review of the AG's audit findings. The OIG incorporated this request into the audit plan for FY 2017-2018 and subsequently for FY 2018-2019 (carried over from the previous FY).

Prior to the beginning of the OIG's engagement, the ASO resolved four of the AG's seven findings (numbers 3, 4, 5 and 7) in the Recommendations and Actions Management System<sup>2</sup> (RAMS). During the engagement, the ASO resolved two additional findings (numbers 2 and 6) in joint consultation with the AG and OIG, as described in this report.

**One incomplete corrective action** remains open. To resolve Finding 1 (Aviation Grant Program Policies and Procedures), the ASO has agreed to develop a Quality Assurance (QA) program to monitor the districts' compliance with its policies and procedures, many of which were revised in response to other findings.

The results of this engagement are outlined below.

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<sup>1</sup> Report Number 2017-121 Aviation Grant Program and Prior Audit Follow-up.

<sup>2</sup> Tracking system (database) for the department's corrective actions.

***AG Finding 1: Aviation Grant Program Policies and Procedures***

The AG found deficiencies in the department's oversight of Aviation Grant Program projects, primarily due to lack of detailed and comprehensive policies and procedures. The absence of such policies and procedures contributed to the deficiencies noted in the other six findings. According to the AG:

An internal control framework that includes policies and procedures that prescribe the appropriate processes for administering the Aviation Grant Program is necessary to promote sound financial management and the conduct of appropriate monitoring for the Aviation Grant Program.

During a working meeting, the AG clarified the "internal control framework" cited in the report refers to the Internal Control Framework issued by the Committee of Sponsoring Organizations (COSO), an internal control guidance adapted in the Green Book<sup>3</sup> for a government environment (a federally mandated set of standards). However, because the Aviation Grant Program is entirely state-funded, the internal control framework is only applicable to the program as a "best practice" rather than a criterion.

To remedy the underlying issue identified in Finding 1, the ASO proposed the development of a QA program to monitor the districts' compliance. The added layer of quality assurance performed by Central Office would address the risk of inconsistent compliance with existing procedures at the district level noted in some of the other findings. The AG agreed the proposed solution would resolve Finding 1.

***AG Finding 1 Status: In Progress.*** Finding 1 will remain open in RAMS, as the OIG monitors and confirms ASO's progress in its development of a QA program.

***AG Finding 2: Contract Award Process***

The AG found district records did not evidence the basis for awarding 224 Aviation Grant Program contracts.<sup>4</sup> During a working meeting with the OIG, the AG confirmed its primary concern regarding Finding 2 was due to ASO's lack of documentation for program oversight.

Based on Finding 2, ASO revised its program procedure<sup>5</sup> to include a requirement for a Project Selection Worksheet<sup>6</sup> to document its award process. During project funding consideration, the districts are required to complete the Project Selection Worksheet for each individual project submitted to the department. The primary purpose of the

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<sup>3</sup> Green Book: Standards for Internal Control in the Federal Government issued by the U.S. Government Accountability Office (GAO).

<sup>4</sup> During the period of July 2014 through January 2016.

<sup>5</sup> Procedure 725-040-040 Aviation Grant Program Management, Section 3.2.7 Funding Equity.

<sup>6</sup> Form 725-040-28 The Aviation Grant Program Project Selection Worksheet.

worksheet is to illustrate the extensive vetting process which occurred during project selection, including various eligibility consideration, such as department-accepted master plan, inclusion of the project in the department work program, and the percentages of direct federal funding secured by stakeholders (e.g., local agencies) for the project.

**AG Finding 2 Status: Resolved.** Upon discussions with the AG, the additional worksheet requirement implemented by ASO was deemed to be reasonably sufficient to document the award process; therefore, Finding 2 was closed in RAMS.

### **AG Finding 6 – Project Site Visits**

The AG found district staff did not always conduct or adequately conduct and document required site visits for Aviation Grant Program projects. Similar to Finding 2, the AG confirmed its primary concern for this issue revolved around lack of documentation.

During a working meeting with the OIG, ASO explained the fundamental purpose of site visits are to verify purchases made by the sponsors (grantees), as opposed to a technical inspection. To facilitate its purchase verification process, ASO revised its program procedure<sup>7</sup> to include a documentation requirement for district site visits. In addition, a set of forms was developed alongside this requirement to enforce consistency of documentation across the districts. The new procedure established the following forms, which are to be provided to the sponsors by the districts for invoice submissions:

- Form 725-040-29 Aviation Grant Program Project Invoice Form;
- Form 725-040-30 Aviation Grant Program Project Monitoring Status Report; and
- Form 725-040-31 Aviation Grant Program Project Final Certification and Acceptance.

Section 6.1.7 of the revised procedure further specified:

When an invoice is received, District Offices will review the invoice per normal review processes and verify that the Project Invoice and Project Monitoring Status/Project Final Certification and Acceptance forms are attached. Upon review completion, invoices will be submitted for payment along with the aforementioned forms.

**AG Finding 6 Status: Resolved.** With the AG's confirmation, the new documentation requirement for district site visits was deemed to be reasonably sufficient; therefore, Finding 6 was closed in RAMS.

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<sup>7</sup> Sections 6.1.7 Project Invoices and 6.1.8 Project Verification.