



# Florida Department of TRANSPORTATION

## Office of Inspector General Memorandum

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

FROM: Kristofer Sullivan, Inspector General

DATE: May 13, 2019

SUBJECT: 18I-3002, Review of FLPO Grant Management Processes

COPY: Kevin J. Thibault, P.E., Secretary, Department of Transportation  
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The Office of Inspector General (OIG) evaluated the audit preparedness of the Freight and Multimodal Office, Seaports and Waterways Office, and Transit Office within the Office of Freight, Logistics and Passenger Operations (FLPO) as a continuation to the OIG engagement 18I-3001. As a basis for this evaluation, the OIG compared current practices in these FLPO offices to the findings issued in March 2017 by the Florida Auditor General (AG) to the Aviation and Spaceports Office (ASO).<sup>1</sup>

To prevent duplicative work, the OIG conducted working meetings with the Office of Comptroller (OOC) Statewide Grant Coordinator, Lisa Wilkerson, and the Strategic Development Finance/Contract Administrator, Annette Lapkowski. During the working meetings, the OIG was informed the other modes of FLPO have already been working closely with the OOC, Department of Financial Services (DFS), and General Counsel, to mitigate internal control risks identified by the AG and improve their overall controls. Additionally, this collaboration ensures consistency of documentation formatting throughout the districts.

As a result of continuous efforts between the FLPO, OOC, DFS, and General Counsel, a proactive corrective action plan was established for all modes of FLPO. The status of

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

these corrective actions is outlined below according to the original framework of seven findings outlined in the AG report to ASO. FLPO has implemented corrective actions for three of the six applicable findings (Findings 3, 4, and 5). FLPO should develop written procedures to finalize corrective actions for the three other findings (Findings 1, 2, and 6). Finding 7 does not apply to the other modes of FLPO.

### ***AG Finding 1: 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. During a working conference between the OIG, AG, and ASO (engagement 18I-3001), the AG agreed this finding would be resolved upon development of a Quality Assurance (QA) program to monitor the districts' compliance.

#### *FLPO's Improvements Related to Finding 1*

According to the OOC Statewide Grant Coordinator, a QA program is a criterion for all department central offices. However, within recent years, the FLPO offices have not been consistent in the application of QA. To mitigate the risk of noncompliance by district offices, the existing Capital Improvement Program (CIP)<sup>2</sup> systems were updated to allow storage of contracts, invoices, progress reports, and other documentations related to the grant programs. The updated CIP systems contain new features and capabilities, which will enable the FLPO central offices to efficiently perform monitoring activities of each grant program for all districts.

All modes of FLPO should continue their efforts to fully implement the utilization of CIP systems across the districts. The CIP systems should also be utilized to develop a consistent QA program for district oversight. Furthermore, a detailed and comprehensive written procedure **should be developed** alongside the 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>3</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 (engagement 18I-3001).

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<sup>2</sup> The CIP systems are customized database systems developed by a common vendor for each mode of FLPO to facilitate grant management by each program area. ASO uses JACIP (Joint Automated Capital Improvement Program); the Freight and Multimodal Office uses RHCI (Railroad Highway Crossing Inventory); the Seaport and Waterways Office uses SeaCIP; and the Transit Office uses TransCIP.

<sup>3</sup> During the period of July 2014 through January 2016.

*FLPO's Improvements Related to Finding 2*

As stated under Finding 1, documentation to support the basis for award is required to be uploaded to the updated CIP systems. A checklist has been developed by the ASO to support the basis for awarding grants. However, the documentation of award process (methodology) may vary among the different modes of FLPO. With the updated versions of CIP systems, grant managers are required to conduct funding selections within the system. Accordingly, documentations for awarding grants are saved in the CIP systems.

All modes of FLPO **should develop** a detailed and comprehensive procedure, to reflect the new requirement of CIP system utilization for funding selections and documentation of award process (methodology).

***AG Finding 3: Florida Single Audit Act (FSAA) Requirements***

The AG found Aviation Grant Program contracts did not always evidence that recipients of state financial assistance had been provided with the information necessary to comply with the requirements of the FSAA.

*FLPO's Improvements Related to Finding 3*

Corrective action for Finding 3 **has been implemented** by FLPO providing provisions for FSAA to be included in the Public Transportation Grant Agreement (PTGA) template<sup>4</sup> utilized by all modes of FLPO.

***AG Finding 4: Grant Contract Provisions for Deliverables***

The AG found Aviation Grant Program contracts did not always include the provisions required by state law or sufficiently define deliverables in accordance with DFS guidelines.<sup>5</sup>

*FLPO's Improvements Related to Finding 4*

Corrective action for Finding 4 **has been implemented** by all modes of FLPO. The PTGA template has been revised to further specify deliverables,<sup>6</sup> which are based upon percentage of completion (the PTGA itemizes project costs by phase).

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<sup>4</sup> PTGA, Section 15 Single Audit, and Exhibit G Federal Financial Assistance (Single Audit Act).

<sup>5</sup> DFS Guidelines: State of Florida Contract and Grant User Guide, Chapter 3 Agreements.

<sup>6</sup> PTGA, Section 10(b) Deliverables, Exhibit A Project Description and Responsibilities, and Exhibit B Schedule of Financial Assistance.

***AG Finding 5: Supporting Documentation for Grant Payments***

The AG found Aviation Grant Program contract payments were not always supported by sufficient documentation.

*FLPO's Improvements Related to Finding 5*

Corrective action for Finding 5 **has been implemented** by all modes of FLPO. The PTGA template has been revised to specify supporting documentation criteria for invoices.<sup>7</sup>

Additionally, the new versions of the CIP systems will house supporting documentations submitted by grantees.

***AG Finding 6: District 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 (engagement 18I-3001).

*FLPO's Improvements Related to Finding 6*

To conduct site visits, district staff are now required to use the Project Monitoring Status Report form.<sup>8</sup> Several formats of the form are available for selection by district staff, to include relevant information of the various projects managed by each mode of FLPO. Additionally, completed forms are required to be uploaded to the CIP systems for document retention.

All modes of FLPO **should develop** a procedure to require the Project Monitoring Status form for district site visits. The procedure should also incorporate the requirement to utilize the applicable CIP system to upload the completed forms.

***AG Finding 7: Airport Master Plans***

This finding is only applicable to ASO (resolved prior to engagement 18I-3001) and **does not pertain** to the other modes of FLPO.

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<sup>7</sup> PTGA, Section 10(d) Supporting Documentation, Exhibit A Project Description and Responsibilities, and Exhibit F Contract Payment Requirements.

<sup>8</sup> Form 725-040-30 Project Monitoring Status Report. At the time of this engagement, a template of this form has been developed for the primary modes of FLPO (ASO, Seaport and Waterways Office, and Transit Office); Freight and Multimodal Office's has yet to be updated.