



Florida Department of TRANSPORTATION

Office of Inspector General
Kristofer B. Sullivan, Inspector General

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

Audit Report No. 18I-9003
Lee County Metropolitan Planning Organization

February 6, 2019

What We Did

The Florida Department of Transportation's (department) Office of Inspector General (OIG) conducted an audit of Lee County Metropolitan Planning Organization (MPO), a District 1 (district) subrecipient of the department, to determine if Lee County MPO follows the mandatory requirements for accurate fiscal and programmatic management.

What We Found

We observed Lee County MPO:

- requested and received \$10,083 in reimbursement for costs incurred prior to contract dates for the Fiscal Year (FY) 2016-17 Unified Planning Work Program (UPWP) two-year cycle;
- did not require a local governmental partner to submit sufficient documentation of costs with its invoices (the cost of which was passed on to the department);
- has weaknesses in internal controls related to the Executive Director's compensation, including:
 - *Timesheets and Leave Requests.* Lee county's timesheet policy only requires the Executive Director's timesheets be approved by a direct subordinate rather than the Lee County Board. We also found no evidence the Executive Director's timesheets and leave requests had been signed by anyone other than the Executive Director;
 - *Mileage Logs.* The Executive Director was not required to maintain mileage logs in support of reasonableness of car allowance (i.e., by documenting business versus personal use of car), as required by federal regulations;
- does not have formalized procedures to determine allowability of costs;
- does not have a policy in compliance with federal regulations for assets and inventory tracking; and
- has not updated its invoicing policy to reflect new MPO invoicing procedures.

What We Recommend

In accordance with Title 2, Part 200.331(d)(2), Code of Federal Regulations (C.F.R.), the department has a responsibility to monitor Lee County MPO's compliance with federal regulations, follow up audit findings, and ensure timely corrective action is taken to correct deficiencies. If timely corrective action is not taken, the department may exercise its discretion to direct certain actions under Title 2, Part 200.207, C.F.R.¹

We recommend the Director of the Office of Policy Planning (OPP) ensure Lee County MPO take the following corrective actions:

- ensure transaction dates for Lee County MPO's requested reimbursements are within the appropriate contract dates;
- develop and implement written procedures to review invoices submitted by local governmental partners, including appropriate support documentation;
- implement internal controls related to the Executive Director by:
 - maintaining mileage logs of business versus personal use as supporting documentation for the automobile allowance or implement alternate means of compensation;
 - updating its policy regarding secondary signatures on the Executive Director's timesheets;
- develop formalized procedures to determine allowability of costs;
- conform asset and inventory tracking procedures to federal regulations; and
- update invoicing policy to reflect new MPO invoicing procedures.

¹ Per Title 2 C.F.R. 200.207 Specific Conditions, paragraph (a), subparagraphs 4-6, upon written notice the department may require Lee County MPO to (among other things) prepare more detailed financial reports, submit to additional monitoring, obtain additional approvals, or seek technical or management assistance.

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BACKGROUND AND INTRODUCTION

Lee County MPO

The Lee County Metropolitan Planning Organization (MPO) is responsible for transportation planning in the cities of Bonita Springs, Cape Coral, Fort Myers, and Sanibel, as well as the town of Fort Myers Beach, the Village of Estero, and unincorporated Lee County. Until 2012, Lee County MPO was organized as a component² (hosted) MPO that was umbrellaed under the Southwest Florida Regional Planning Council District 9 (SWFRPC). Lee County MPO is currently organized as a freestanding independent³ MPO. Lee County MPO is assisted and partly funded by the Florida Department of Transportation's (department) District 1, through federal pass-through funding from the U.S. Department of Transportation and Federal Transit Authority (FTA). This funding is identified and earmarked in the Unified Planning Work Program (UPWP).

Lee County MPO Board Organizational Structure and Committees

The Lee County MPO has four employees consisting of an Executive Director, a Transportation Planning Administrator, a Senior Planner, and a Transportation Planner. See Attachment A for the Lee County MPO Organizational Chart.

The Lee County MPO Board has 18 members consisting of five commissioners, various elected officials representing each incorporated area (city, town, or village), plus the department District 1 Secretary,⁴ who is a non-voting member. The Executive Director reports directly to the board and oversees additional staff.

Each year the board provides an opportunity for public participation when it requests transportation enhancement proposals for local roads from the public. Before the board approves proposals, it considers recommendations from various committees, including the Citizens Advisory Committee⁵ and Technical Advisory Committee.⁶

Lee County also has an Executive Committee that meets on an as-needed basis to address administrative and budget items, and to address items that are not feasible to be heard by the full board based on timing or to hear items referred to them by the board. The board's Executive Committee is comprised of the Chair, Vice-Chair, Treasurer, and one representative from each jurisdiction.

² Component hosted MPO functions are separated from most functions of the host, but remains a division of the umbrella agency.

³ Freestanding Independent MPOs must meet all their own operating needs, without assistance from a host agency.

⁴ or designee

⁵ Consists of local citizens appointed by the board to bring the public's perspective to the decision-making process.

⁶ Local and state agency planners, engineers, and transit operators to make recommendations to the board about project priorities.

Single Audit Findings and Corrective Actions

The single audit report for Lee County MPO released on January 16, 2018, revealed the following finding:

Expenses relating to professional services incurred at or near year-end were not accrued in the proper period. An adjustment to this expense account and accrued liability account for \$234,548 was required to correct this error. (This type of finding was also reported in the March 22, 2017, single audit report).

Lee County MPO provided the following response to the finding:

“The MPO experienced issues with what was reported for the end of year revenues and expenses and what ended up being included in the reports produced by the accountant. To help resolve those issues moving forward, the MPO has drafted a Request for Proposal (RFP) for seeking new accounting services. Internally, the MPO has now populated two years of accounting data in Quickbooks, which allows us to have some history in a transition to a new accounting contract. It is expected that a new accounting contract for services will begin by May 1, 2018.”

Lee County MPO’s UPWP

The UPWP⁷ identifies the planning priorities and activities of the MPO for a two-year period and is jointly developed and approved by Lee County MPO, the department, and related federal oversight bodies. It also identifies available funding sources by task in an integrated budget.

MPOs are funded primarily with Federal Highway Administration (FHWA) Metropolitan Planning (PL) funds and Federal Transit Administration (FTA) 5303/5305(d) funds, both of which are apportioned to the state for metropolitan transportation planning.

Surface Transportation Block Grant Program for Urban Areas (SU) funds is another example of federal funding for metropolitan planning. An MPO may also receive discretionary grants such as the U.S. Department of Transportation’s Transportation Investment Generating Economic Recovery (TIGER) program.

MPOs also may be funded by local funds. State funds are used only to provide the state match for federal funds or with MPOs for a vendor relationship.

For Fiscal Year (FY) 2016-17, Lee County MPO was budgeted to spend the following amounts per funding type:

⁷ A biennial statement of work identifying the planning priorities and activities to be carried out within a metropolitan planning area. At a minimum, the UPWP includes a description of the planning work and resulting products, who will perform the work, time frames for completing the work, the cost of the work, and the sources of funds.

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Figure 1: Lee County MPO Funding FY 2016-17

Funding	Funding
FHWA (PL) Funding	\$814,319
FHWA (SU) Funds	214,606
FTA 5305 Funding	215,270
TIGER Funds	3,030,000
State Funds	239,544
Local Funds	308,100
TOTAL	\$4,821,839

Source: Lee County UPWP for FY 2016-17 and 2017-18

For FY 2017-18, Lee County MPO was budgeted to spend the following amounts per funding type:

Figure 2: Lee County MPO Funding FY 2017-18

Funding	Total Funding
FHWA (PL) Funding	\$926,020
FTA 5305 Funding	213,555
State Funds	263,650
Local Funds	307,885
TOTAL	\$1,711,110

Source: Lee County UPWP for FY 2016-17 and 2017-18

Lee County MPO Agreements

During this engagement, we reviewed three of the MPO's agreements from the following sources:

FTA

1. AQR15 provides the MPO FTA Section 5303, Metropolitan Planning Program and State cash match financial assistance for planning tasks in FY 2012/13 and, with an approved UPWP, in FY 2013/14 and FY 2014/15.
2. G0A11 provides the MPO FTA Section 5303, Metropolitan Planning Program and State cash match financial assistance for planning tasks in FY 2015/16 and, with an approved UPWP, in FY 2016/17 and FY 2017/18.

FHWA

3. G0B61 provides the MPO FHWA funding for planning tasks as described in the FY 2016/17 and FY 2017/18 UPWP.

RESULTS OF REVIEW

Issue 1 – Costs Outside of Agreement

We determined Lee County MPO requested and received reimbursement for phone, internet, consulting, and personnel costs totaling \$10,083, which were incurred prior to the execution of Agreements G0B61 and AQR15.⁸ We also observed Lee County MPO requested and received reimbursement for expenses incurred outside the respective invoicing periods (but were within the overall agreement period), listed in the invoice package totaling approximately \$118,563⁹ for Agreements G0B61, AQR15, and G0A11.¹⁰

Section 4 of Agreement G0B61 states, “No work shall begin before the agreement is fully executed and a ‘Letter of Authorization’ is issued by the Department.” Section 4.10 of Agreements G0A11 and AQR15 states, “Project costs eligible for State participation will be allowed only from the effective date of this agreement.” If costs are incurred prior to the execution of the contract, it may lead to a shortfall of funding to cover current year expenses.

We recommend the Director of OPP ensure transaction dates for Lee County MPO’s requested reimbursements are within the appropriate contract dates. If invoiced expenses cross between UPWP cycles, the MPO should pro rate the invoice so the reimbursement is reflected in the correct agreement period.¹¹

Issue 2 – FTA JPA Reimbursement Packet

We determined Lee County MPO did not obtain and review available supporting documentation for personnel and fringe benefit costs incurred by its local governmental partner, Lee County Transit (LeeTran), a department of Lee County, before passing these costs on to the department for reimbursement under (FTA) Joint Participation Agreements (JPA) AQR15 and G0A11.

Sections 3.0 through 3.2 of the Interlocal Services Agreement By and Between Lee County Transit and the Lee County Metropolitan Planning Organization (Interlocal Agreement) state:

...the MPO will allocate up to 80% of the FTA Section 5305 funds to the County for their use in performing the planning activities identified in the Unified Planning Work Program, as amended, in support of the transit program. The remainder of

⁸ \$8,333 for Agreement G0B61 and \$1,750 for Agreement AQR15.

⁹ These costs were incurred within the agreement period of 07/01/2016 through 06/30/2018, and do not include the \$10,083 incurred outside the agreement period.

¹⁰ \$112,147 for Agreement G0B61, \$792.36 for Agreement AQR15, and \$5,623.69 for Agreement G0A11.

¹¹ “Incurred cost” is an accrual concept implying the liability to pay has been incurred, i.e., goods or services have been provided. The MPO Agreement only covers costs incurred within contract dates.

the funds will be used by the MPO to undertake transit related studies initiated by [the] MPO consistent with the tasks identified in the MPO's Unified Planning Work Program.

The MPO agrees to pay the County for the costs incurred to carry out the professional planning services...

The Lee [County] MPO will work with LeeTran to mutually develop the transit tasks in the Unified Planning Work Program which will be reviewed and approved by the MPO Committees and the MPO Board.

JPA's AQR15¹² and G0A11¹³ state that "all costs charged to the project, including any approved services contributed by the Agency or others, shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges." Additionally, Exhibit C(1) of JPA's AQR15 and G0A11 states that "the Agency shall submit invoices on forms provided by the department and prepared in accordance with instructions given by the department. Back-up documentation will include the appropriate items necessary to verify costs incurred and eligibility of said costs."

We examined two invoice packets from JPA AQR15 (invoices 9 and 12) and one from invoice packet from JPA G0A11 (invoice). After requesting additional documentation from LeeTran, documentation which had not been reviewed by Lee County MPO, we were able to substantiate all costs. However, as discussed in Issue 1, the documentation revealed some costs fell outside contract dates.

We recommend the Director of OPP require Lee County MPO to develop and implement written procedures to review invoices submitted by local governmental partners, such as LeeTran, including appropriate support documentation.

Issue 3 – Approval of Executive Director's Timesheets and Leave Requests

We determined Lee County MPO did not follow its own policy regarding timesheet approvals for the Executive Director's timesheets. Lee County MPO's Payroll Process Memo calls for the Transportation Planner, a direct subordinate of the Executive Director, to approve the Executive Director's timesheets.¹⁴ We found no evidence that the Executive Director's timesheets and leave requests were approved by anyone other than the Executive Director.

However, we also observed this policy of requiring a direct subordinate to approve the Executive Director's timesheets represents a potential conflict of interest. One reason

¹² Reference Section 7.40

¹³ Reference Section 6.30

¹⁴ The Payroll Process Memo procedure states, "the Executive Director's timesheets are reviewed/approved by the Transportation Planner."

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the policy may have lapsed in practice is that it does not represent a meaningful control. An alternate practice, common for nonprofit boards, would be for the board to periodically review and approve time records for the executive director.¹⁵

The Lee County Payroll Process Memo (dated June 30, 2015) states:

Bi-weekly timesheets are prepared by each employee using Replicon timesheet software and is submitted for review and approval by the Executive Director each pay period (the Executive Director's timesheets are reviewed/approved by the Transportation Planner).

Title 2, Part 200.303, Code of Federal Regulations (C.F.R.) states:

The non-Federal entity must...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 or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).¹⁶

The "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States, observes:

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event. (Principle 10 – Design Control Activities: Segregation of Duties)

We recommend the Director of OPP require Lee County MPO to amend its policy. **We observed** that, if Lee County MPO wishes to preserve the spirit of the original policy by requiring independent approval of the Executive Director's timesheets, a more meaningful alternative may be periodic board review.

¹⁵ The review can be performed after the fact, e.g. at the end of each quarter for timesheets approved during the quarter.

¹⁶ The "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States, commonly referred to as the "GAO (U.S. Government Accountability Office) Green Book", is based on the COSO framework for internal control.

Issue 4 – Executive Director’s Benefit Package

We observed Lee County MPO pays a car allowance of \$250 as part of the Executive Director’s payroll compensation.

Title 2, C.F.R. 200.431(f) states:

That portion of automobile costs furnished by the entity that relates to personal use by employees (including transportation to and from work) is unallowable as fringe benefit or indirect (F&A) costs regardless of whether the cost is reported as taxable income to the employees.

Because the Executive Director does not keep a mileage log showing business miles versus personal miles traveled within Charlotte, Collier, Hendry and Lee counties, the number of miles attributable to personal use, which are unallowable, cannot be determined. Even if funded by local sources, the expenditures would not qualify as match.

We recommend the Lee County MPO Board re-evaluate the Executive Director’s monthly automobile allowance and the related administrative requirements of approving such an allowance. Should the Lee County Board decide to continue honoring the current agreement for the automobile allowance and be reimbursed (or credited for match) in part or in whole, the Executive Director must keep a record of all business travel mileage that shows the difference between personal and business use. Alternative means of compensation may also be considered to avoid the administrative burden associated with automobile allowances as a corrective action method.

Issue 5 – No Established Procedure for Determination of Allowable Costs

We determined Lee County MPO does not have established written procedures to determine allowability of cost, as required by its contract with the department. Such procedures would assist its staff in determining the allowability of cost for reimbursement using federal funds.

Agreement G0B61¹⁷ requires the MPO’s financial management system have written procedures for determining the allowability of cost in accordance with Title 2, C.F.R. 200.302, Subpart E – Cost Principles.

According to the Executive Director of Lee County MPO, his staff references the Uniform Grant Guidance (Title 2, C.F.R. 200) directly in lieu of formal written procedures for determination of allowability of costs. Since Title 2, C.F.R. 200 only contains general guidance applicable to all federal grant programs, it does not incorporate additional program-specific guidance that may be contained in the grant’s enabling legislation, grant-specific regulations, state law, or departmental guidance. Lee County MPO is

¹⁷ Section 8C, article vii

more susceptible to incurring unallowable costs without a written procedure to refer to for assistance.

We recommend the Director of OPP require Lee County MPO to formalize its procedures on allowability of costs by preparing written procedures in conformance with Title 2, C.F.R. 200.302, Subpart E – Cost Principles.

Observation 1 – Lee County MPO’s Assets and Inventory

We determined Lee County MPO’s procedures for tracking assets purchased with federal funds did not include all the federally required components outlined in Title 2, C.F.R. 200.313(d).

Title 2, C.F.R. 200.313(d) requires that property records include the following elements:

- description of the property;
- serial number or other identification number;
- the source of funding for the property (including the Federal Award Identification Number);
- acquisition date, and cost of the property;
- identification of titleholder;
- percentage of federal participation in the project costs for the federal award under which the property was acquired;
- location, use and condition of the property, and
- any disposition data including the date of disposal and sale price of the property.

Additionally, a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.¹⁸

Lee County MPO maintains an Equipment Tracking Form, as outlined in the Operating Procedures for Equipment Purchases,¹⁹ which includes identifying the following items for assets purchased by the MPO:

- equipment description;
- serial number/service tag;
- date purchased;
- purchase price;
- funding source;
- make and model; and
- inventory number.

The original Equipment Tracking Form did not contain who holds the title, the percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, or any ultimate disposition data including the date of disposal and sale price of the property.

¹⁸ Per Title 2, C.F.R. 200.313(d)(2)

¹⁹ Operating Procedures for Equipment Purchase, Maintenance & Disposal, Appendix C

Upon additional inquiry to Lee County MPO, the MPO Equipment Tracking Form was updated to include the percentage of federal participation for each piece of property, the location, use, and condition of the property. The Executive Director stated that Lee County MPO maintains the title to all property, no property has been disposed of since 2012, and inventory is conducted on an annual basis.

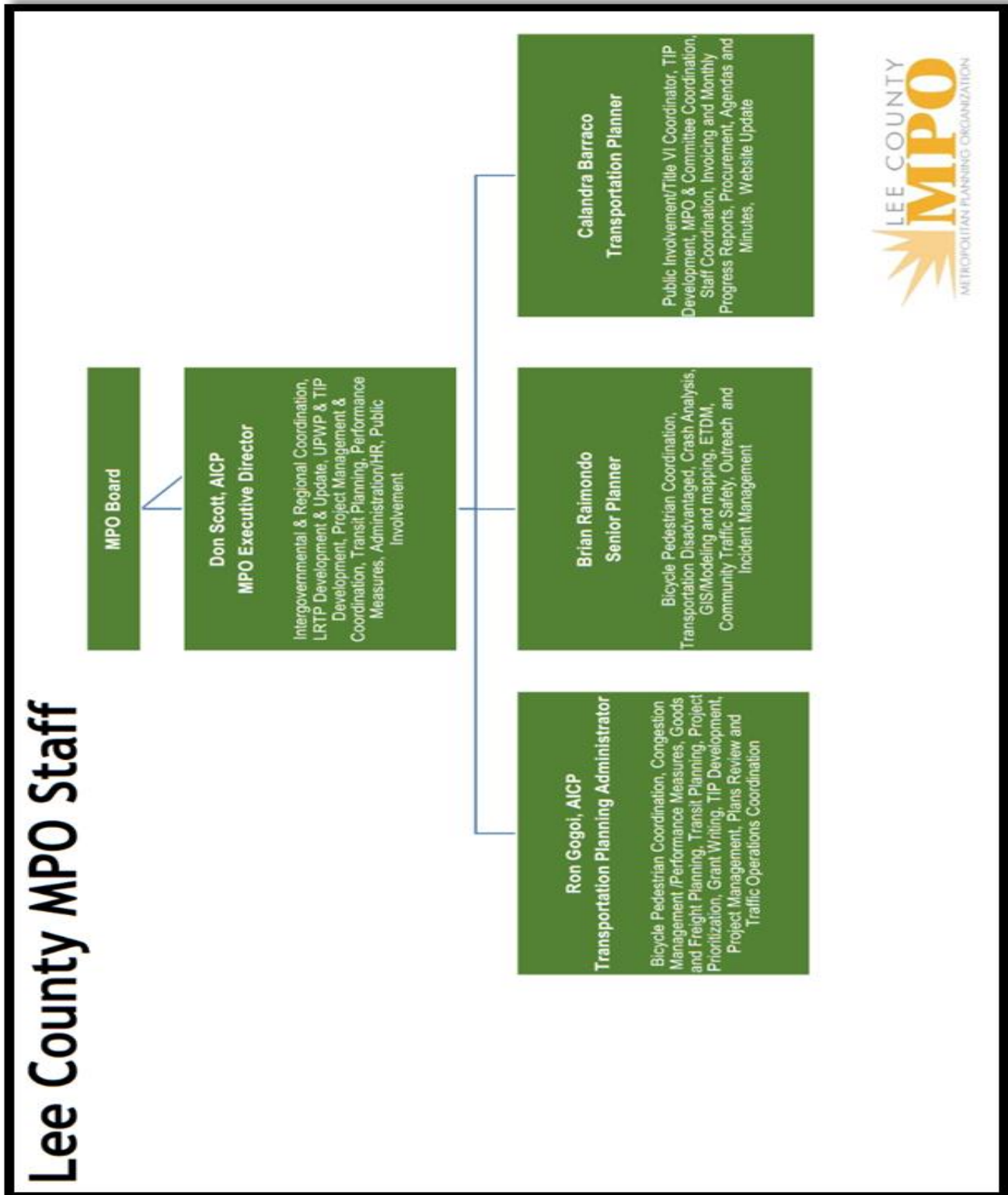
Observation 2 – Lee County MPO’s Invoicing Policy

We reviewed Lee County MPO’s policies, procedures, and memos, and noted the following related to the Financial Reporting and Grant Compliance Process Memo:

- the memo was last updated on June 30, 2013, and has not been updated to reflect the new invoicing process implemented by the department in July 2016;
- the memo states that “invoice packages are provided monthly to FDOT (department), including support for all payroll and non-payroll expenditures for which reimbursement is requested, as well as progress report on FHWA-funded tasks;” however, we noted Lee County MPO only submitted 13 invoices²⁰ over an 18-month period, which does not meet the monthly invoice submission requirement as stated in the policy.

²⁰ During the audit period of 07/01/2016 through 12/31/2017 (18 months)

ATTACHMENT A – Lee County MPO Organizational Chart



APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine if the MPO follows the mandatory requirements for accurate fiscal and programmatic management.

The **scope** of this engagement included FTA and FHWA funded agreements and reimbursements made to Lee County MPO from July 1, 2016, through December 31, 2017.

The **methodology** included:

- Reviews of regulations, policies, and procedures:
 - Uniform Grant Guidance (Title 2, C.F.R. 200)
 - Department’s MPO Handbook
 - FHWA and FTA agreements between Lee County MPO and the department.
 - Lee County MPO’s policies and procedures.
- Documentation reviews:
 - Invoices submitted to the department for reimbursement.
 - Supporting documentation for expenses billed to the department.
 - Lee County MPO’s general ledger.
 - Lee County MPO’s board meeting minutes.
- Interviews:
 - District 1 Staff.
 - Lee County MPO Staff.

APPENDIX B – Affected Entity Response

Lee County MPO's December 21, 2018, affected entity response is provided in its entirety below:

Lee County MPO Audit Responses to Audit Report #18I-9003

Issue 1 - Costs Outside of Agreement

OIG Issue:

We recommend the Director of the Office of Policy Planning (OPP) ensure transaction dates for Lee County MPO's requested reimbursements are within the appropriate contract dates. If invoiced expenses cross between UPWP cycles, the MPO should pro rate the invoice so the reimbursement is reflected in the correct agreement period.

Lee MPO Response:

The Lee MPO Executive Director and staff will seek to adjust payments to vendors within the UPWP cycle and where that is not possible we will pro rate the invoice to only charge for the reimbursement within the contract agreement period.

Issue 2 - FTA JPA Reimbursement Packet

OIG Issue:

We recommend the Director of the Office of Policy Planning (OPP) require Lee County MPO to develop and implement written procedures to review invoices submitted by local governmental partners, such as LeeTran, including appropriate support documentation.

Lee MPO Response:

LeeTran has revised the invoice submittals (starting with the last submittal from July 1, 2018 through September 30, 2018) to include the necessary payroll back up for review. In addition, they have also adjusted the reimbursement request to match the dates of the quarter to the day instead of the timesheet period that, at times, included days outside of the quarter. The MPO Executive Director will develop written procedures, which will be reviewed and approved by the Executive Committee by March 22, 2019 to match these changes.

Issue 3 - Approval of the Executive Director's Timesheets and Leave Requests

OIG Issue:

We recommend the Director of the Office of Policy Planning (OPP) require Lee County MPO to amend its policy. We observe that, if Lee County MPO wishes to preserve the spirit of the original policy by requiring independent approval of the

Executive Director's timesheets, a more meaningful alternative may be periodic board review.

Lee MPO Response:

The Lee MPO Executive Director will revise the policy to include that the Treasurer (or the Chair if the Treasurer is not available) review and send an e-mail approval of the MPO Executive Directors timesheet on a bi-weekly basis. The policy will be updated and approved by the Executive Committee by the March 22, 2019 meeting.

Issue 4 - Executive Director's Benefit Package

OIG Issue:

We recommend the Lee County MPO Board re-evaluate the Executive Director's monthly automobile allowance and the related administrative requirements of approving such an allowance. Should the Lee County Board decide to continue honoring the current agreement for the automobile allowance and be reimbursed (or credited for match) in part or in whole, the Executive Director must keep a record of all business travel mileage that shows the difference between personal and business use. Alternative means of compensation may also be considered to avoid the administrative burden associated with automobile allowances as a corrective action method.

Lee MPO Response:

The car allowance for local travel by the Executive Director has not been included in the reimbursement requests to FDOT by the MPO as this was being paid by local funds. But based on the preliminary discussions about this item, the Lee MPO Board revised the MPO Executive Director's contract to remove the car allowance from the employment agreement. The local travel in Lee, Charlotte and Collier Counties will now be reimbursed through submitted travel reimbursement requests.

Issue 5 - No Established Procedure for Determination of Allowable Costs

OIG Issue:

We recommend the Director of the Office of Policy Planning (OPP) require the Lee County MPO to formalize its procedures on allowability of costs by preparing written procedures in conformance with Title 2, C.F.R. 200.302, Subpart E – Cost Principles.

Lee MPO Response:

The Lee MPO Executive Director and staff is currently drafting written procedures on the allowability of costs for review and approval by the MPO Executive Committee. The procedures will be approved by March 22, 2019.

Observation 1 - Lee County MPO's Assets and Inventory

OIG Observation:

We determined Lee County MPO's procedures for tracking assets purchased with federal funds did not include all the federally required components outlined in Title 2, C.F.R. 200.313(d).

Lee MPO Response:

The MPO Equipment Tracking Form was updated by the Executive Director to include the percentage of federal participation for each piece of property, the location, use, and condition of the property. The Lee County MPO maintains the title to all property and the inventory is conducted on an annual basis. The Executive Director is updating the procedures to include all of the required items and the updated procedure will be approved by the March 22, 2019 Executive Committee meeting.

Observation 2 - Lee County MPO's Invoicing Policy

OIG Observation:

We reviewed Lee County MPO's policies, procedures, and memos, and noted the following related to the Financial Reporting and Grant Compliance

- the memo was last updated on June 30, 2013, and has not been updated to reflect the new invoicing process implemented by the department in July 2016;
- the memo states that "invoice packages are provided monthly to FDOT (department), including support for all payroll and non-payroll expenditures for which reimbursement is requested, as well as progress report on FHWA-funded tasks;" however, we noted Lee County MPO only submitted 13 invoices over an 18-month period, which does not meet the monthly invoice submission requirement as stated in the policy.

Lee MPO Response:

The Lee MPO Executive Director will update the invoicing policy to match FDOT's new invoicing process and to denote that the MPO invoices will be submitted at a minimum of every two months. The MPO's invoicing policy will be updated and approved by the MPO's Executive Committee by the March 22, 2019 meeting.

APPENDIX C – Management Response

Office of Policy Planning's (OPP) January 31, 2019, management response is provided in its entirety below:



Florida Department of Transportation

RON DESANTIS
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

KEVIN J. THIBAUT, P.E.
SECRETARY

MEMORANDUM

FROM: Carmen Monroy, Director, Office of Policy Planning

TO: Kristofer Sullivan, Inspector General

DATE: January 31, 2019

SUBJECT: Audit Report No. 18I-9003, Lee County Metropolitan Planning Organization

COPY: Tom Byron, Assistant Secretary for Strategic Development

Below is the official response to Audit Report No. 18I-9003 from the Office of Policy Planning.

Issue 1 – Costs Outside of Agreement

Issue: We determined Lee County MPO requested and received reimbursement for phone, internet, consulting, and personnel costs totaling \$10,083, which were incurred prior to the execution of Agreements G0B61 and AQR15²¹. We also observed Lee County MPO requested and received reimbursement for expenses incurred outside the respective invoicing periods (but were within the overall agreement

²¹ \$8,333 for Agreement G0B61 and \$1,750 for Agreement AQR15.

period), listed in the invoice package totaling approximately \$118,563²² for Agreements G0B61, AQR15, and G0A11.²³

Recommendation: We recommend the Director of OPP ensure transaction dates for Lee County MPO's requested reimbursements are within the appropriate contract dates. If invoiced expenses cross between UPWP cycles, the MPO should pro rate the invoice so the reimbursement is reflected in the correct agreement period.²⁴

Response to Finding: We concur with the finding and recommendation.

Corrective Action: OPP will provide clarification in the MPO Program Management Handbook as necessary and provide guidance to District staff on costs incurred outside of invoicing periods.

Estimated Completion Date: January 31, 2019.

Issue 2 – FTA JPA Reimbursement Packet

Issue: We determined Lee County MPO did not obtain and review available supporting documentation for personnel and fringe benefit costs incurred by its local governmental partner, Lee County Transit (LeeTran), a department of Lee County, before passing these costs on to the department for reimbursement under (FTA) Joint Participation Agreements (JPA) AQR15 and G0A11.

Recommendation: We recommend the Director of OPP require Lee County MPO to develop and implement written procedures to review invoices submitted by local governmental partners, such as LeeTran, including appropriate support documentation.

Response to Finding: We concur with the finding and recommendation.

Corrective Action: Lee County MPO is developing written procedures to be adopted by the Executive Committee at its March 22, 2019 meeting. OPP will follow-up with the MPO to ensure the action is taken. We will also update the MPO Program Management Handbook as necessary and provide training to District staff to ensure continued monitoring of FTA funds.

²² These costs were incurred within the agreement period of 07/01/2016 through 06/30/2018, and do not include the \$10,083 incurred outside the agreement period.

²³ \$112,147 for Agreement G0B61, \$792.36 for Agreement AQR15, and \$5,623.69 for Agreement G0A11.

²⁴ "Incurred cost" is an accrual concept implying the liability to pay has been incurred, i.e., goods or services have been provided. The MPO Agreement only covers costs incurred within contract dates.

Estimated Completion Date: March 22, 2019.

Issue 3 – Approval of Executive Director’s Timesheets and Leave Request

Issue: We determined Lee County MPO did not follow its own policy regarding timesheet approvals for the Executive Director’s timesheets. Lee County MPO’s Payroll Process Memo calls for the Transportation Planner, a direct subordinate of the Executive Director, to approve the Executive Director’s timesheets.²⁵ We found no evidence that the Executive Director’s timesheets and leave requests were approved by anyone other than the Executive Director.

Recommendation: We recommend the Director of OPP require Lee County MPO to amend its policy. We observe that, if Lee County MPO wishes to preserve the spirit of the original policy by requiring independent approval of the Executive Director’s timesheets, a more meaningful alternative may be periodic board review.

Response to Finding: We concur with the finding and recommendation.

Corrective Action: OPP will follow-up to ensure that the policy was amended and approved by the Executive Committee by the March 22, 2019 meeting. OPP will update the MPO Program Management Handbook as necessary to provide guidance, and will provide training on the topic of timesheet approval.

Estimated Completion Date: March 22, 2019.

Issue 4 – Executive Director’s Benefit Package

Issue: We observed Lee County MPO pays a car allowance of \$250 as part of the Executive Director’s payroll compensation.

Recommendation: We recommend the Lee County MPO Board re-evaluate the Executive Director’s monthly automobile allowance and the related administrative requirements of approving such an allowance. Should the Lee County Board decide to continue honoring the current agreement for the automobile allowance and be

²⁵ The Payroll Process Memo procedure states, “the Executive Director’s timesheets are reviewed/approved by the Transportation Planner.”

reimbursed (or credited for match) in part or in whole, the Executive Director must keep a record of all business travel mileage that shows the difference between personal and business use. Alternative means of compensation may also be considered to avoid the administrative burden associated with automobile allowances as a corrective action method.

Response to Finding: We concur with the finding and recommendation.

Corrective Action: The Lee County MPO has provided written documentation that the executive director's contract has been revised to remove the car allowance. OPP will provide training and written guidance to District staff regarding vehicle allowances.

Estimated Completion Date: March 20, 2019

Issue 5 – No Established Procedure for Determination of Allowable Costs

Issue: We determined Lee County MPO does not have established written procedures to determine allowability of cost, as required by its contract with the department. Such procedures would assist its staff in determining the allowability of cost for reimbursement using federal funds.

Recommendation: We recommend the Director of OPP require Lee County MPO to formalize its procedures on allowability of costs by preparing written procedures in conformance with Title 2, C.F.R. 200.302, Subpart E – Cost Principles.

Response to Finding: We concur with the finding and recommendation.

Corrective Action: The Lee County MPO is drafting written procedures on the allowability of costs to be approved by the Executive Committee at its March 22nd meeting. OPP will ensure the procedures were adopted by the Executive Committee. In addition, OPP will provide guidance and training to District staff regarding allowable expenses.

Estimated Completion Date: March 22, 2019.

**Office of Inspector General
Florida Department of Transportation**

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**Office of Inspector General
Florida Department of Transportation**

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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.