



# 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-9004

February 25, 2019

Capital Region Transportation Planning Agency (CRTPA)

## What We Did

---

The Florida Department of Transportation's (department) Office of Inspector General (OIG) conducted an audit of the Capital Region Transportation Planning Agency (CRTPA or agency), a District 3 (district) subrecipient of the department, to determine if the agency complied with federal, state and contractual requirements for accurate fiscal and programmatic management over grant funds.

The scope of this engagement included Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) funded contracts and reimbursements made to CRTPA from July 1, 2016, through December 31, 2017.

## What We Found

---

We identified the following issues at CRTPA:

1. *Governance.* The CRTPA's Board of Directors board needs to strengthen its governance over fiscal activities. The CRTPA management team needs to establish adequate fiscal procedures and hire a person of appropriate skills and experience to perform required fiscal duties.
2. *Financial Management System.* CRTPA did not maintain an adequate financial management system (defined as all processes, both automated and manual, used to meet federal recordkeeping requirements).
3. *Indirect Costs and Staff Services Agreement.* The Staff Services Agreement between the City of Tallahassee and CRTPA did not clearly define the terms for determining amounts owed by CRTPA. Instead, the city provided CRTPA with an annual indirect rate calculation unsupported by a written methodology. CRTPA charged this rate to the department as if it were its own rate, while direct charging other, internally incurred administrative costs.
4. *Invoicing.* During the audit period, the district rejected invoices submitted by CRTPA multiple times due to noncompliance, insufficient information, and incorrect data. Also, CRTPA did not submit its reimbursement requests for

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

---

FHWA funds using consistent service periods (e.g., monthly or quarterly) in a timely manner.

5. *Questioned Costs.* CRTPA submitted reimbursement requests that included:
  - \$19,118 in costs incurred prior to the execution of the MPO Agreement.
  - \$1,393 in costs without sufficient supporting documentation.
  - \$250 per month for an executive car allowance not supported by adequate documentation to confirm its allowability.
6. *Timekeeping practices.* CRTPA's timesheet practices did not align with the payroll policy adopted from the City of Tallahassee. Also, CRTPA did not have adequate documentation of time records.

### **What We Recommend**

---

In accordance with 2 CFR 200.331(d)(2), the department has a responsibility to monitor CRTPA'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 2 CFR 200.207.<sup>1</sup>

**We recommend** the Director of the Office of Policy Planning (OPP) ensure CRTPA takes the following corrective actions:

1. *Governance.* Improves the agency's control environment pertaining to fiscal activities at the board and management levels according to the detailed recommendations included in this report.
2. *Financial Management System.* Develops and establishes detailed written procedures for generating financial reports supporting invoice preparation. Assigns a specific account code for unallowable costs in its accounting system.
3. *Indirect Costs and Staff Services Agreement.* Complies with departmental guidance regarding indirect costs. Executes an updated Staff Services Agreement with the City of Tallahassee clearly referencing written procedures for documenting and invoicing actual costs of services provided to CRTPA.
4. *Invoicing.* Implement improved procedures and controls to ensure complete invoice packets are submitted timely. Ensure staff members receive proper training regarding required invoice packet components.

---

<sup>1</sup> Per Title 2 CFR 200.207 Specific Conditions, paragraph (a), subparagraphs 4-6, upon written notice the department may require CRTPA to (among other things) prepare more detailed financial reports, submit to additional monitoring, obtain additional approvals, or seek technical or management assistance.

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

---

5. *Questioned Costs.* Ensure transaction dates are within appropriate contract dates. Ensure all invoiced costs are properly documented, including the business portion of the executive car allowance claimed.
6. *Timekeeping practices.* Train staff members regarding requirements of the city payroll policy adopted by C RTPA, and enforce policy's requirement for an approving signature. Perform reconciliations of (manual) timesheet hours reported versus recorded in system.

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

---

**TABLE OF CONTENTS**

---

<b>BACKGROUND AND INTRODUCTION</b>	<b>5</b>
<b>RESULTS OF REVIEW</b>	<b>10</b>
Issue 1 – Governance	10
Issue 2 – Inadequate Financial Management System	13
Issue 3 – Indirect Costs and Staff Services Agreement	15
Issue 4 – Invoicing	18
Issue 5 – Questioned Costs	20
Issue 6 – Timekeeping Practices	22
<b>APPENDIX A – Purpose, Scope, and Methodology</b>	<b>24</b>
<b>APPENDIX B – Affected Entity Response</b>	<b>25</b>
<b>APPENDIX C – Management Response</b>	<b>34</b>
<b>DISTRIBUTION</b>	<b>43</b>
<b>PROJECT TEAM</b>	<b>44</b>
<b>STATEMENT OF ACCORDANCE</b>	<b>44</b>
<b>ATTACHMENT 1 – Overview of COSO Framework</b>	<b>45</b>
<b>ATTACHMENT 2 – CRTPA Board (Voting Members)</b>	<b>46</b>
<b>ATTACHMENT 3 – CRTPA Reimbursement Requests</b>	<b>47</b>
<b>ATTACHMENT 4 – Questioned Costs Summary</b>	<b>48</b>
<b>ATTACHMENT 4a – Itemized Salaries for Pay Period End 6/24/2016</b>	<b>49</b>
<b>ATTACHMENT 4b – Itemized Salaries for Pay Period End 7/8/2016</b>	<b>50</b>

## **BACKGROUND AND INTRODUCTION**

---

### **Capital Region Transportation Planning Agency**

The Capital Region Transportation Planning Agency (CRTPA or agency) is the region's Metropolitan Planning Organization (MPO) that was established in 2004 via an Interlocal Agreement. As such, CRTPA is responsible for coordinating transportation planning within Florida's Capital Region. CRTPA includes all of Gadsden, Jefferson, Leon, and Wakulla counties. In cooperation with the state and public transit operators, CRTPA develops transportation plans and programs for the metropolitan area. CRTPA is currently located at the Tallahassee City Hall and falls under the oversight and coordination of the District Three Planning Office.

### **CRTPA's Organizational Structure**

The CRTPA structure is classified by the Florida Metropolitan Planning Organization Advisory Council (MPOAC) as Leaning Independent. This classification was based on an April 2011 study conducted by the Center for Urban Transportation Research (CUTR) titled "A Snapshot of Florida MPOs".

As a Leaning Independent MPO, CRTPA receives a defined set of services from a host government (currently the City of Tallahassee (city)) under a Staff Services Agreement. Although the city acts as a host government, CRTPA still operates as an independent entity, where it employs its own staff and has the authority to enter into any contract necessary for its operations and administration.

The services agreement between CRTPA and the city was executed on May 21, 2012, the purpose of which is to define a set of services to be provided by the city to assist CRTPA in carrying out its planning duties, including: accounting, annual funding and audit, human resources, central services (e.g. technical support, building maintenance, communications), as well as facilities (i.e. office space and meeting rooms).

As specified in CRTPA's by-laws, CRTPA's Executive Director serves at the pleasure of the CRTPA Board and reports directly to the board for all matters regarding the administration and operation of the agency. The Executive Director is also responsible for employing and overseeing staff members.

### **CRTPA Board of Directors**

The CRTPA Board is comprised of representatives from county and municipal local governments in Gadsden, Jefferson, Leon, and Wakulla counties. Each local governmental entity is assigned different weighted voting rights depending on size. Attachment 2 contains a listing of current members and voting rights.

### *CRTPA By-Laws*

CRTPA's by-laws contain policies and procedures as guidance to CRTPA and its Standing Committees to fulfill the requirements of the Interlocal Agreement which created CRTPA, as well as applicable provisions of federal law and those of Chapter 339.175, Florida Statutes.

### **Supporting MPO Committees**

Pursuant to Section 339.175(6)(e), Florida Statute, CRTPA's Supporting Committees included:

1. Technical Advisory Committee (TAC) – CRTPA's technical committee comprised of local and state planners and engineers. The committee provides technical reviews of CRTPA plans, programs, and projects and makes recommendations for need, feasibility, technical accuracy and consistency with local, state and regional plans, programs and projects.
2. Citizens Multimodal Advisory Committee (CMAC) – Provides comment and guidance to the CRTPA Board on transportation planning and policy issues. The CMAC is comprised of individuals in the community to represent various agencies and transportation interests.

In addition, the Leon County Transportation Disadvantaged Local Coordinating Board (TDLCB) is a subcommittee of CRTPA. The TDLCB is responsible for reviewing and discussing issues relating to providing transportation services to community members who are unable to provide their own transportation to vital services, such as medical appointments and employment. Within Leon County, membership selections for the TDLCB are made by the agency themselves.

### *Executive Committee*

In 2017, the Board of Directors (board) amended the bylaws to establish an Executive Committee comprised of the Chair, Vice-Chair, and immediate Past-Chair. According to the agency's by-laws, the Executive Committee meets as directed by the Chair for any items that do not require board action. The duties of the Executive Committee include:

1. Advising the Executive Director on critical issues
2. Annual evaluation of the Executive Director
3. Reviews of the annual budget and the UPWP
4. Development of the annual legislative priorities
5. Establishment of CRTPA personnel policies and procedures
6. Reviews and approvals of contracts
7. Emergency approval of time-sensitive items

## **Single Audit Reports**

Title 2 Code of Federal Regulations, Section 200.501 requires a non-federal entity that expends \$750,000 or more in federal awards have a single or program-specific audit conducted for that year. Similarly, the Florida Single Audit Act (FSAA)<sup>2</sup> requires subrecipients of federal awards have a state single audit if \$750,000.00 (effective July 1, 2016) or more in state financial assistance is expended during the non-state entity's fiscal year.

CRTPA's Single Audits are jointly conducted by Thomas Howell Ferguson, P.A. and Law, Redd, Crona & Monroe, P.A., located in Tallahassee, Florida.

### *Fiscal Year Ended September 30, 2016 Report*

As of the outset of our fieldwork in May 2018, the agency's most recent Single Audit report was issued on July 18, 2017 for fiscal year (FY) ended September 30, 2016. The report identified two material weakness, regarding:

- Errors within the Schedule of Expenditures of Federal Awards (SEFA), and
- Untimely remittance of invoices. This finding was reported as a significant deficiency in CRTPA's FY 2015 Single Audit before being raised to a material weakness in its 2016 audit report.

The CPA firms recommended CRTPA make greater use of accounting services available through its host agency, the City of Tallahassee, to help resolve these issues.

### *Fiscal Year Ended September 30, 2017 Report*

CRTPA's Single Audit Report for FY 2017 was issued on September 4, 2018, and identified three material weaknesses and one significant deficiency:

- *Material Weaknesses.*
  - Errors within SEFA (repeated from 2016);
  - Untimely remittance of invoices (repeated from 2016); and
  - Use of an unapproved indirect rate.
- *Significant Deficiency.*
  - Inadequate accounting staff. The CPA firms found CRTPA's host agency, the City of Tallahassee, does not have sufficient resources to perform all necessary accounting, financial reporting, and grant management duties on CRTPA's behalf. The CPA firms recommended CRTPA hire an accountant with sufficient expertise.

---

<sup>2</sup> Section 215.97, Florida Statute

## **CRTPA's Budget and Funding**

CRTPA's budget is based on their planning and programmatic tasks detailed in the UPWP, which covers the agency's planning operations in state fiscal year of July 1 through June 30. In contrast, CRTPA's host government on the other hand, the City of Tallahassee, operates on a federal fiscal year of October 1 through September 30.

According to the agency's UPWP, CRTPA receives federal, state, and local transportation planning funds for their primary functions, which includes funds from FHWA, Federal Transit Administration (FTA), Florida Commission for the Transportation Disadvantaged (FCTD), as well as state and local matches. If operating expenses exceed the external funding obtained, the deficit is funded by the members of CRTPA in proportion to their weighted votes (Attachment 2).

## **CRTPA's Grant Agreements**

Within the audit period of July 1, 2016, through December 31, 2017, CRTPA held two contracts with the department; contract G0D29 for FHWA funds and contract ARL33 for FTA funds. The District 3 Planning Office is responsible for reviewing the invoices (reimbursement requests) for expenditures charged to FHWA and FTA funds.

### *FHWA Funding*

**Contract G0D29**, based on the **MPO Agreement** (Form 525-010-02) for FHWA funds, took effect on July 1, 2016, and expired on June 30, 2018 (project termination date):

- The original Agreement was executed in June 20, 2016, containing funds for PL (Planning) and SU (Surface Transportation Block Grant Program [STP] for Urban Areas):
  - PL funds are provided one hundred percent from the Federal Highway Trust Fund and are distributed by State Departments of Transportation (DOTs) to conduct planning activities required by Title 23 of the United States Code, Section 134; and
  - Per Title 23 United States Code, Section 133, STP is a Federal-aid highway flexible funding program that funds a broad range of surface transportation capital needs. STP Urban (also referred to as SU) funds are allocated specifically to Transportation Management Area (TMA) urbanized areas, which are based on population greater than 200,000.
- The second amendment was made and entered into on April 14, 2017, to incorporate the CM (Congestion Management) and SA (STP for any Area) funds, in which all terms and conditions of the original Agreement remains in full effect:



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

---

- In accordance to Title 23 United States Code, Section 149, the Congestion Mitigation and Air Quality (CMAQ) program was implemented to support surface transportation projects and other related efforts that contribute air quality improvements and to provide congestion relief; and
- Similar to SU, SA is also an STP fund, however, SA funds can be utilized for any area, per Title 23 United States Code, Section 133.

Total amounts PL, SU, SA, and CM funds awarded to CRTPA during the life of Contract G0D29 are shown in Table 1.

Table 1: FY 2017/2018 Funding Source by Agency

Agency	Element	Amount	Total
FHWA	PL	\$854,056	\$2,630,522
	SU	1,117,948	
	SA	211,552	
	CM	446,966	
FTA	5305(d)	128,163	128,163
FDOT	Soft Match for FHWA	475,335	491,355
	Match for FTA 5305(d)	16,020	
Local	Match for FTA 5305(d)	16,520	16,520
FCTD	CTD	25,828	25,828
<b>Total</b>			<b>\$3,292,388</b>

Source: CRTPA's UPWP FY 16/17-17/18

#### *FTA Funding*

**Contract ARL33**, based on the **Public Transportation JPA** (Form 725-030-06) for the FTA 5305(d) funds, was executed on September 15, 2014, and expires (after an extension) on September 30, 2019. Title 49 United States Code, Section 5303 establishes the FTA Section 5303 grant to support metropolitan transportation planning. To secure FTA funds, the state and/or local government must allocate matching funds to a project, as shown in the department's Work Program. FTA will fund up to 80 percent of project costs, with a required 20 percent non-federal match. Per the UPWP, this match is met with 10 percent state funds and 10 percent local funds. Total federal, state, and local funds allocated to Contract ARL33 are shown in Table 1.

#### *FCTD Funding*

As shown in Table 2, CRTPA also received \$25,828 in Transportation Disadvantaged Trust Fund (TDTF) from the Florida Commission for the Transportation Disadvantaged (CTD). Contract G0N61, based on the FCTD Joint Participation Agreement, describes the activities required by the MPO to carry out the CTD program. The CTD Joint Participation Agreement between CRTPA and the Florida CTD was established on July 1, 2017, and ended on June 30, 2018.

## **RESULTS OF REVIEW**

---

During the engagement with the Capital Region Transportation Planning Agency (CRTPA or agency), we reviewed two agreements for federal funds that passed through the department: The Metropolitan Planning Organization (MPO) Agreement for Federal Highway Administration (FHWA) funds under Contract G0D29; and the Transportation Planning Joint Participation Agreement (JPA) for Federal Transit Administration (FTA) funds under Contract ARL33.<sup>3</sup> As a result of our review, we determined the following six issues:

### **Issue 1 – Governance**

#### ***Issue 1a – Board of Directors***

The CRTPA's Board of Directors board needs to strengthen governance over fiscal activities in accordance with the roles and responsibilities defined by an appropriate framework of internal control, as required by Title 2 Code of Federal Regulations (CFR), Section 200.303.

Title 2 CFR 200.303 Internal Controls states:

The Non-Federal entity must:

- (a) 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).<sup>4</sup>
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

---

<sup>3</sup> CRTPA did not submit any reimbursement requests for FTA funds within the audit period; therefore, our findings and observations are primarily derived from the examination of FHWA funds.

<sup>4</sup> The “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States state:

Control Environment...The oversight body and management establish and maintain an environment throughout the entity that sets a positive attitude towards internal control...  
2. The oversight body should oversee the entity's internal control system.

Attachment 1 contains a brief overview of the COSO framework and a link to additional guidance.

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

---

During the audit period, governance (control environment) weaknesses were present within C RTPA, as evidenced by the following occurrences:

- The board did not discuss or inquire about corrective action needed to resolve a repeat Single Audit finding issued by C RTPA's CPAs (Thomas Howell Ferguson P.A and Law, Redd, Crona and Munroe, P.A.), which was elevated from a significant deficiency to a material weakness between 2015 and 2016. This finding specifically concerned the continued delays of invoice remittance;
- The board did not consistently monitor C RTPA's cash flow. In 2017, C RTPA's invoicing delays continued (specifically for PL funds), where only one PL reimbursement occurred until 2018. During the delays, the city provided cash advances to C RTPA until their reimbursements were processed;
- The board did not ensure management assigned fiscal responsibilities to appropriate persons.<sup>5</sup> C RTPA does not have a staff member with an accounting background or fiscal expertise sufficient to perform the department's documentation standards for invoicing;
- The board did not ensure C RTPA had adequate financial systems<sup>6</sup> or controls in place, nor did it require timely internal financial reports, such as budget to actual reports, to be prepared for its review. This financial information was only created as a byproduct of the invoicing process; and
- The board approved a UPWP<sup>7</sup> budget increase of \$295,883 on June 19, 2017, without subsequently confirming approvals of the department or FHWA. C RTPA did not submit the new budget to the department for approval until approximately eight months later, February 16, 2018.

**We recommend** the Director of OPP communicate to C RTPA's board its responsibility to:

- Regularly review and discuss the annual single audit results, management decision letters, and corrective action plans, including follow up reviews on such issues;
- Oversee the Executive Director's design and implementation of corrective actions, as well as the agency's internal control system, and provide constructive feedback on the Executive Director's remediation of deficiencies as necessary;

---

<sup>5</sup> The "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States state:

Control Environment...The oversight body and management establish and maintain an environment throughout the entity that sets a positive attitude towards internal control...

3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.

4. Management should demonstrate a commitment to recruit, develop and retain competent individuals.

5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

<sup>6</sup> Issue 2: Inadequate Financial Management System

<sup>7</sup> Unified Planning Work Program

- Ensure the agency employs individuals with the accounting or financial skills necessary to perform their responsibilities and to effectively carry out the agency's objectives;
- Periodically inquire regarding the agency's budget utilization, as well as the status of UPWP amendment approvals by the department and FHWA when applicable, to ensure the amended budget is not expended prior to its approvals; and
- Consider establishing an audit committee (or functional equivalent), consisting of members with the proper fiscal expertise to adequately perform the duties listed above and to provide effective fiscal controls and monitoring over the agency's operations, as well as provide guidance to the Executive Director as appropriate.

### ***Issue 1b – Management Team***

The CRTPA management team needs to establish effective controls over its fiscal activities. Particularly, CRTPA needs to hire a person of appropriate skills and experience to perform required fiscal duties, establish adequate fiscal procedures, and adequately supervise the performance of these duties.

Title 2 CFR 200.303 requires grantees to establish and maintain effective control consistent with the COSO framework. According to this framework, the foundation which supports all other aspects of effective control is the environment established by management, including:

...the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance.<sup>8</sup>

During the audit period, invoicing activities were delegated to a staff member without proper fiscal skills. After new department invoice documentation requirements were implemented on July 1, 2016, the CRTPA preparer struggled with compliance:

- Invoices were delayed and subsequently rejected by the department for quarters one and two of FY 2017. Only quarter one was resubmitted prior to the staff member's departure in December 2017.
- After the staff member's departure, CRTPA attempted to compile and resubmit the invoice for quarter two of FY 2017 in 2018. However, the agency found many gaps in the documentation the preparer had been tasked to maintain, which led to the untimely invoice submission for quarters two, three, and four of FY 2017.

As noted in Issue 2, CRTPA relied on its invoice preparation procedures to generate budget to actual reporting information. Additionally, reconciliations were not performed to the accounting system<sup>9</sup> to ensure completion and accuracy of records.

---

<sup>8</sup> COSO's Internal Control – Integrated Framework Executive Summary: Components of Internal Control

<sup>9</sup> City's accounting system: PeopleSoft

CRTPA also lacked written procedures to guide staff in the proper performance of fiscal duties, including in the areas of:

- Implementing corrective action plans for Single Audit findings, and reporting progress to the board;
- Tracking time by task in support of progress reports;
- Reconciling manual timesheets, which were prepared and signed by employees, to the hours entered into the payroll system (accounting system); and
- Monitoring the consistency and accuracy of financial reports prepared in different systems (e.g., budget to actual reports prepared by CRTPA in Excel spreadsheets versus expense totals by budget category exported from the accounting system).

**We recommend** the Director of OPP communicate to CRTPA's management team its responsibility to:

- Appropriately define and staff a job position to support all necessary fiscal activities, including (but not limited to) invoicing;
- Ensure development of adequate, documented procedures supporting financial controls, including proper reconciliations; and
- Present timely updates to the board regarding the status of:
  - Budget to actual spending;
  - Appropriate modification or amendment requests; and
  - Corrective action plans.

## **Issue 2 – Inadequate Financial Management System**

CRTPA was not compliant with the requirements set forth in Title 2 CFR 200.302 (Financial Management) and the MPO Agreement regarding the adequacy of the MPO's financial management system, consisting of all processes (both automated and manual) used to meet federal recordkeeping requirements.

Title 2 CFR 200.302(a) states:

the...non-Federal entity's financial management systems...must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

CRTPA's MPO Agreement (Contract G0D29), Section 8C states:

The MPO's financial management system must comply with the requirements set forth in 2 CFR 200.302 (Financial Management), specifically:

- i. Identification, in its accounts, of all Federal awards received and

- expended and the Federal programs.
- ii. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with s.200.327 Financial Reporting and 200.328 Monitoring and Reporting Program Performance.
- iii. Records that identify adequately the source and application of funds for federally-funded activities.
- iv. Effective control over, and accountability for, all funds, property, and other assets.
- v. Comparison of expenditures with budget amounts for each Federal award.
- vi. Written procedures to implement the requirements of 200.305 Payment.
- vii. Written procedures for determining the allowability of costs.

The agency did not have adequate or effective control over, and accountability for grant funds. Discrepancies were found during the reconciliations of invoices and supporting documentation,<sup>10</sup> including:

- Expenditures charged to an invoice prior to the contract's effective date;
- Lack of signatures of an approving authority within timesheets to attest for their accuracy and completion (see Issue 6a for details);
- Inconsistencies between hours reflected in the timesheet versus hours in the accounting system (see Issue 6b for details); and
- Inconsistencies between transaction dates in the Itemized Expenditure Detail Report included in the invoice package and the transaction dates within the accounting system and source documentation (i.e. invoices and receipts).

CRTPA did not have a tracking mechanism in place to monitor the agency's expenditures in real time against the remaining budget. Instead, the agency retroactively monitored its expenditures quarterly when constructing cost totals by budget category during invoice preparation. However, due to extended delays in invoicing (Issue 4), CRTPA was unable to compare its budget versus actual spending in a timely manner.

CRTPA's financial processes were unsupported by written procedures for the identification of unallowable costs or the segregation of expenditures into separate accounts at the time of data entry. Instead, CRTPA manually marked unallowable transactions within the city's ledger on an ad hoc basis at the time of invoicing. CRTPA's financial processes were also unsupported by an indirect cost methodology.<sup>11</sup>

---

<sup>10</sup> Issues 4 (Invoicing), 5 (Questioned Costs), and 6 (Timekeeping Practices)

<sup>11</sup> Issue 3: Indirect Costs



**We recommend** the Director of OPP require CRTPA to:

- Develop and establish a detailed written procedure regarding the process for composing, calculating, and submitting invoices, including a step-by-step procedure to generate financial reports and filtering data for invoice calculation; this procedure should be communicated to staff appropriately; and
- Assign a specific account code for unallowable costs incurred by CRTPA to be utilized at the time of data entry to PeopleSoft.

### **Issue 3 – Indirect Costs and Staff Services Agreement**

#### ***Issue 3a – Inconsistent Treatment of Indirect Costs***

CRTPA recouped administrative costs by direct charging amounts for some administrative costs, while simultaneously using an indirect rate to recover others. Federal regulation requires the utilization of a single, consistent treatment for the same type of costs. In addition, the indirect rate utilized by CRTPA was calculated by its host agency (City of Tallahassee), and had not been reviewed or approved by the department, as required by Federal regulation (see Issue 3b, for an explanation of cause).<sup>12</sup>

Federal regulation defines Indirect costs as “those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved.”<sup>13</sup>

Federal regulations also state: a cost “may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.”<sup>14</sup> Indirect costs are normally charged to Federal awards by the use of an indirect cost rate.<sup>15</sup>

Examples of indirect costs may include certain state/local-wide central service costs, general administration of the non-Federal entity accounting and personnel services performed within the non-Federal entity, depreciation on buildings and equipment, and the costs of operating and maintaining facilities.<sup>16</sup>

Indirect cost rates are required to be negotiated and monitored by the federal awarding agency or (if inapplicable) the subrecipient’s pass-through entity. Title 2 CFR 200, Appendix VII, Paragraph D.1.b states, “where a non-Federal entity only receives funds

---

<sup>12</sup> Title 2 CFR 200 Appendix VII, Paragraph D.1.b

<sup>13</sup> Title 2 CFR 200 Appendix VII, Paragraph A.1

<sup>14</sup> Title 2 CFR 200 Appendix VII, Paragraph A.1

<sup>15</sup> Title 2 CFR 200 Appendix VII, A.3

<sup>16</sup> Title 2 CFR 200 Appendix VII, Paragraph A.4

as a subrecipient, the pass-through entity will be responsible for negotiating and/or monitoring the subrecipient's indirect costs.”

If CRTPA wishes to use an indirect rate to recover administrative costs from the department:

- The rate should be CRTPA’s, not the city’s;
- The rate should be inclusive of all administrative costs, whether billed to CRTPA by the city or incurred internally;
- No other administrative costs should be billed as direct costs; and
- The rate should be reviewed and approved by the department; or be limited to the 10% de minimis rate available under 2 CFR 200.414(f).<sup>17</sup>

However, **we observed** the city began billing CRTPA for actual cost of services (based on usage) as of July 1, 2018 to facilitate direct billing of administrative costs by CRTPA in accordance with department guidance (MPO Handbook, Section 3.4.2):

The department will accept one of four methods for reimbursing indirect costs for MPOs:

1. Federally Approved Indirect (FAI) Cost Rate Agreement;
2. Indirect Cost Rate Allocation Plan (ICAP);
3. 10 percent de minimis indirect cost rate; and
4. Actual costs incurred.

**We recommend** the Director of OPP continue to monitor departmental guidance regarding indirect costs and ensure compliance by CRTPA.

### ***Issue 3b - Staff Services Agreement***

The Staff Services Agreement did not clearly define the terms for determining amounts owed for the services provided by the city, and no invoice or documentation was provided to CRTPA for the charged costs. Instead, the city provided an annual indirect rate calculation unsupported by a written methodology, and expected CRTPA to pass the rate onto the department to recoup its costs.

Regarding the documentation of indirect costs, 2 CFR 200.403 states:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...
- (g) Be adequately documented.

---

<sup>17</sup> Unless the 10% de minimis rate is used, as allowed per 2 CFR 200.414(f).



Section 3.0 of the Staff Services Agreement between CRTPA and the city states:

The City will provide...administrative support services to CRTPA and CRTPA's staff to assist in managing the...planning process for the CRTPA region. Cost of these services shall be expensed at the rates determined by the City's cost allocation plan for such services unless noted otherwise herein.

Although the agreement referenced a "cost allocation plan" which determined how the cost of services provided under the agreement were expensed, the plan could not be provided by CRTPA. Instead, the following documents were provided to illustrate how these costs were expensed:

- Excel spreadsheets used to allocate CRTPA's share of costs for various types of services provided under the agreement. The bases for this allocation were not described by a written procedure, but determined by historical custom. For example, upon inquiry we determined the city used the relative number of journal entries completed on CRTPA's behalf as the basis for allocating the costs of accounting services;
- A "City of Tallahassee Central Services Full Cost Allocation Plan" prepared by Maguire and Associates in FY 2015 to allocate costs of the city's central service departments (e.g., the mayor's office) to all other departments (including CRTPA); and
- A one-page document titled "CRTPA Department Indirect Cost Rate Calculation" containing CRTPA's final rate calculation, derived from the following accounting totals:
  - For the numerator of the rate: Allocated costs of services provided under the Staff Services Agreement; allocated overhead; and total fringe and benefit costs for CRTPA employees; and
  - For the denominator of the rate: total direct wages paid to CRTPA employees, less administrative leave.

No written procedure existed to tie these documents together and provide underlying support for the reasonableness of the allocation methods used to determine costs used to calculate the rate.

**We recommend** the Director of OPP require CRTPA to:

- Ask the city to create a documented procedure for calculating administrative costs under the Staff Services Agreement (including descriptions for the basis used to allocate costs to each service category defined in the agreement) and submit copies of the procedure to CRTPA; and
- Execute an updated Staff Services Agreement with the city that:
  - Clearly references this procedure; and
  - Requires the city to invoice periodically for the costs of services provided under the agreement and fully document all invoiced costs.

## **Issue 4 – Invoicing**

### ***Issue 4a – Incomplete Invoice Submissions***

The following invoices were rejected by the district prior to reimbursement due to noncompliance, insufficient information, and incorrect data:

- Invoice G0D29-1 (for the billing period of July 1, 2016 – September 30, 2016) was rejected once prior to reimbursement; and
- Invoice G0D29-2 (for the billing period of October 1, 2016 – December 31, 2016) was rejected twice prior to reimbursement.

The first submission of invoice G0D29-1 was submitted by CRTPA on December 8, 2016, and was rejected by the district on December 23, 2016, due to the absence of the Itemized Expenditure Detail Report. The MPO Liaison instructed the agency to provide the required report and included its source of criteria as a reference.<sup>18</sup> CRTPA resubmitted this invoice on March 9, 2017, with the required invoice components, and the billing was subsequently reimbursed on March 23, 2017.

CRTPA submitted invoice G0D29-2 on July 26, 2017, which was rejected by the district on July 31, 2017, due to insufficient documentation, as follows:

- Absence of the Itemized Expenditure Detail Report;
  - Sample of the required report was provided by the District Planning Office to assist in the revision of the invoice.
- Progress report could not be verified due to the absence of the Itemized Expenditure Detail Report;
- Further clarification was needed for the information in the Progress Report; and
- An activity was billed to the incorrect UPWP task.

CRTPA resubmitted invoice G0D29-2 on September 5, 2017, and the district rejected it for the second time on September 7, 2017, due to the following deficiencies:

- Incorrect information on the cover page regarding the invoice amount;
- Incorrect amount for the total previous payments by FHWA;
- Incorrect remaining balance for the fiscal year 2017;
- An additional \$10,000 was listed in the FHWA budgeted amount, which did not align with the UPWP budget;
- The Itemized Expenditure Detail Report did not break down the “Other Direct Expenses” category by expenditure line item; and
- Activities listed in the Progress Report did not align with the activities billed within the invoice.

---

<sup>18</sup> OPP’s MPO Agreement and Invoicing web page

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

---

CRTPA resubmitted invoice G0D29-2 for the third time on February 19, 2018. During its third resubmission, invoice G0D29-2 was revised and renumbered to G0D29-3, and the billing period was expanded to October 1, 2016, through June 30, 2017. Invoice G0D29-3 was subsequently reimbursed by the district on February 27, 2018.

**We recommend** the Director of OPP require CRTPA to implement improved procedures and controls to ensure invoice packages contain all components required by the MPO Agreement and Handbook.

***Issue 4b - Untimely Invoice Submission***

CRTPA did not submit its reimbursement requests for FHWA funds using consistent service periods (e.g., monthly or quarterly) in a timely manner.

The MPO Agreement (Contract G0D29), Section 9A states:

The MPO shall submit a request for reimbursement to the department on a quarterly or a monthly basis.

As shown in Table 2, the five invoices reimbursed within the audit period<sup>19</sup> did not demonstrate a consistent pattern as to service periods covered or timing of submission.

Table 2: Untimely Invoice Submissions During Audit Period\*

Invoice No.	Service Dates	Receipt Date	Comment
G0D29-1 (PL)	7/1/16 – 9/30/16	3/9/17	Invoice period of 3 months; 161 days lapsed to invoice submission.
G0D29-1SU	10/1/16 – 12/31/16	7/25/17	207 days lapsed between service dates and invoice submission; over 4 months since last invoice submission.
G0D29-1CM	5/31/17 – 9/30/17	11/17/17	Nonstandard invoice period of 4 months; approximately 4 months since last invoice submission.
G0D29-1SA	5/1/17 – 9/30/17	12/14/17	Nonstandard invoice period of 4 months.
G0D29-3 (PL)	10/1/16 – 6/30/17	2/19/18	Nonstandard invoice period of 9 months; 235 days to invoice submission; approximately 11 months since the last PL invoice.

\*See Attachment 3 for complete listing of invoices submitted.

---

<sup>19</sup> Attachment 3 – CRTPA Reimbursement Requests

With the new invoicing requirements that took effect beginning July 1, 2016, the agency's had difficulty in preparing the invoice package to satisfy the required components. As a result, multiple invoice submissions were rejected by the district due to inadequacy of records.

**We recommend** the Director of OPP require CRTPA to:

- Develop mechanisms to ensure invoice reimbursement requests are submitted to the department on a monthly or quarterly basis, as required by the MPO Agreement; and
- Work with the department to ensure staff members receive proper training regarding the required invoice package components.

#### **Issue 5 – Questioned Costs**

##### ***Issue 5a - Expenses Incurred Prior to the Execution of the MPO Agreement***

CRTPA submitted reimbursement requests that included expenses incurred prior to the execution of the MPO Agreement totaling \$19,118.

The MPO Agreement (Contract G0D29), Section 4 states:

No work shall begin before the Agreement is fully executed and a "Letter of Authorization" is issued by the department.

During the review of invoice G0D29-1, operating and travel expenses were incurred prior to the execution of the MPO Agreement,<sup>20</sup> totaling \$2,116 and \$43 respectively.<sup>21</sup> Personnel expenses for pay periods ended June 24, 2016 and July 8, 2016 (totaling \$16,959), were also earned prior to the execution of the agreement.<sup>22</sup>

CRTPA utilized paycheck dates to pull payroll records from PeopleSoft; the agency's bi-weekly pay period ends one week prior to the respective paycheck date. Therefore, when paychecks dated July 1, 2016, were pulled from the accounting system, pay period ended June 24, 2016, was included in the records. Correspondingly, when paychecks dated July 15, 2016, were utilized to filter the records for pay period ended July 8, 2016, the week ended July 1, 2016, was included in the data generated for the reimbursement request.

**We recommend** the Director of OPP ensure transaction dates for CRTPA's requested reimbursements are within the appropriate contract dates.<sup>23</sup>

---

<sup>20</sup> Contract G0D29, Effective July 1, 2016

<sup>21</sup> Attachment 4 – Questioned Costs Summary

<sup>22</sup> See Attachments 4, 4a, and 4b for the schedules of itemized salaries

<sup>23</sup> "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.

### ***Issue 5b - Unsupported Expenses***

CRTPA received reimbursements for expenses that did not contain sufficient supporting documentation totaling \$1,393.

The MPO Agreement (Contract G0D29), Section 9E states:

All costs charged to the Project, including any approved services contributed by the MPO 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.

During the review for invoice G0D29-1SU, personnel expense reimbursement of the Planning Manager<sup>24</sup> for the week ended October 7, 2016, was not supported by a properly executed payroll. The reimbursement for invoice G0D29-1SU was charged to UPWP Task 9.2. Upon further inquiry and examination of the employee's timesheet and payroll ledger, no entry was recorded for Task 9.2 and no additional supporting documentation could be provided by CRTPA to substantiate the charges.

**We recommend** the Director of OPP require CRTPA to properly document all expenses incurred with properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges to substantiate the reimbursement requests submitted to the department.

### ***Issue 5c - Car Allowance***

CRTPA received reimbursements for a car allowance via the Executive Director's payroll compensation. The car allowance was not supported by adequate documentation to confirm its allowability.

Title 2 CFR 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.

As reflected in the Executive Director's Employment Agreement, monthly car allowance of \$250 was included as part of the Executive Director's benefits package. However, supporting documentation for the car allowance (e.g. car mileage log) could not be provided by the agency to verify its allowability. Per the employment agreement, the Executive Director was not required to maintain documentation to segregate personal (unallowable) and business (allowable) portions of the car allowance.

---

<sup>24</sup> Employee ID Number 48516

**We recommend** the Director of OPP require CRTPA to:

- Implement board review of the Executive Director's car allowance to determine if any portion of the car allowance is utilized for personal use;<sup>25</sup>
- Revise the Executive Director's Employment Agreement to include additional documentation requirements for car allowance<sup>26</sup>, such as mileage log, to distinguish business and personal usage; and
- Alternatively, consider eliminating the car allowance portion from the Employment agreement to avoid its administrative burden.

Additionally, **we recommend** an overall improvement to invoice processing to include:

- Regular weekly timesheet reconciliations;
- A second reviewer for invoice packages to verify its accuracy and completion, prior to the Executive Director's approval and invoice submission; and
- Requirement of signatures reflected in the invoice for the preparer, reviewer, and the approving authority as evidence for its accuracy attestation and accountability.

## **Issue 6 – Timekeeping Practices**

### ***Issue 6a - Noncompliance with the Payroll Policy***

CRTPA's timesheet practices did not align with the payroll policy adopted from the City of Tallahassee.

City of Tallahassee Policy No. 615 on Timesheet Requirements for Payroll Processing, Section 615.05 (Definitions) specifies a minimum requirement for timesheet documentation to include the following information: employee name, identification number, ...and signatures of both the employee and the approving authority.

Upon examinations of CRTPA's timesheets, the Executive Director's timesheets did not contain his signature and the signature of an approving authority to indicate a confirmation and verification of completeness and accuracy, prior to data entry in Kronos.<sup>27</sup> Additionally, CRTPA employees' timesheets did not consistently contain the signature of the approving authority to indicate a confirmation review and verification of their completeness and validity, prior to data entry in Kronos.

CRTPA's management clarified there is an electronic approval process for hours entered into Kronos. However, verification for the electronic approvals could not be produced at the time of our review.

---

<sup>25</sup> Title 2 CFR 200.431(f) Compensation-fringe benefits, Automobiles

<sup>26</sup> Title 2 CFR 200.403 Factors affecting allowability of costs

<sup>27</sup> CRTPA's Timekeeping Software

**We recommend** the Director of OPP require the CRTPA management team to:

- Provide training to staff members regarding the adopted policy requirements for payroll processing; and
- Enforce the signature of an approving authority for each timesheet to attest for completion and accuracy.

***Issue 6b - Inadequate Documentation of Time Records***

CRTPA did not have adequate documentation of time records.

Title 2 CFR 200.403 Factors affecting allowability of costs states:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (g) Be adequately documented.

The MPO Agreement (Contract G0D29), Section 9E states:

All costs charged to the Project, including any approved services contributed by the MPO or others, shall be supported by properly executed payrolls, time records, ... evidencing in proper detail the nature and propriety of the charges.

Through the timesheet reconciliations performed for invoice G0D29-1, it was found that varied calculation methods were utilized by the staff members to record their timesheets, including:

- Some staff members utilized sixty-minutes increments to calculate their hours (e.g. 5.30 for five hours and thirty minutes), while others used one hundred percent proportions (e.g. 5.50 for five hours and thirty minutes); and
- Some staff members also used both sixty-minutes increments and one hundred percent proportions simultaneously within the same timesheet.

In addition, discrepancies were found between the hours reflected in the timesheets and hours recorded in the accounting system.

**We recommend** the Director of OPP require CRTPA to perform reconciliations for the hours reflected in the timesheets and hours reported in the accounting system. Additionally, the reconciliation activity should be performed by a staff or executive member with the appropriate expertise.



## **APPENDIX A – Purpose, Scope, and Methodology**

---

The **purpose** of this engagement was to determine if the Capital Region Transportation Planning Agency (CRTPA) followed the mandatory requirements for accurate fiscal and programmatic management over grant funds.

The **scope** of this engagement included Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) funded contracts and reimbursements made to CRTPA from July 1, 2016, through December 31, 2017.

The **methodology** included interviews with:

- CRTPA Executive Director and staff members;
- Accounting services staff of CRTPA's host agency;<sup>28</sup> and
- District 3 Planning Office staff members.

Reviews were also conducted for:

- The department's MPO Handbook;
- Title 2 Code of Federal Regulations, Section 200; and
- Sections 215 and 339, Florida Statutes.

Additionally, examinations were performed for CRTPA's records, including:

- Single Audit Reports for fiscal years 2015 and 2016;
- Interlocal Agreement;
- MPO Agreement, Contract G0D29;
- Joint Participation Agreement, Contract ARL33;
- Invoices submitted to the department for reimbursement within the audit period: G0D29-1, G0D29-3, G0D29-1SU, G0D29-1CM, G0D29-1SA;
- Chart of Accounts;
- General ledgers for the audit period:
  - Trial Balances;
  - Account Detail Ledgers; and
  - Payroll Detail Ledgers.
- Supporting documentation for expenses billed to the department, including (not limited to) employee timesheets and consultant service invoices;
- Staff Services Agreement with the City of Tallahassee (city);
- Executive Director Employment Agreement;
- Policies and procedures (adopted from the city);
- Board meeting minutes;
- Structure Review; and
- By-Laws.

---

<sup>28</sup> City of Tallahassee



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

---

**APPENDIX B – Affected Entity Response**

---

Capital Region Transportation Planning Agency's (CRTPA) affected entity response was provided on January 7, 2019. The response is reflected in its entirety below.



January 7, 2019

Ms. Nancy Shepard, CPA CGFM  
Deputy Audit Director for Intermodal  
Office of the Inspector General  
Florida Department of Transportation  
605 Suwannee Street, MS 44  
Tallahassee, FL 32399-0450

Subject:     Audit Report No. 18I-9004  
              Capital Region Transportation Planning Agency (CRTPA)

Dear Ms. Shepard:

Attached you will find the CRTPA's responses to the observations included in Audit Report No. 18I-9004. We appreciate your and your staff's guidance and assistance in identifying potential solutions to the identified issues. As previously discussed, we have made significant progress in addressing many of the items included in the report. We will continue working to address the remaining issues and look to have them corrected in early 2019.

Should you have any questions or like to discuss anything from our response, please contact my office at 891-8630 or via email at [greg.slay@crtpa.org](mailto:greg.slay@crtpa.org).

Sincerely,

Greg Slay, AICP  
Director

xc: (via email)  
CRTPA Board Members  
Carl Mikyska, MPOAC Executive Director  
Tim Smith, FDOT D3 Intermodal Manager  
Bryant Paulk, FDOT D3 MPO Liaison Manager  
Carmen Monroy, FDOT Office of Policy Planning  
Mark Reichert, FDOT Office of Policy Planning  
Alex Gramovot, FDOT Office of Policy Planning  
Joe Maleszewski, City of Tallahassee City Auditor

300 South Adams Street - Tallahassee, FL 32301  
(850)891-8630 - [www.crtpa.org](http://www.crtpa.org)

Gadsden County - Jefferson County - Leon County - Wakulla County - Chattahoochee - Greensboro - Gretna - Havana  
Midway - Monticello - Quincy - Sopchoppy - St. Marks - Tallahassee - Leon County School Board

**1. Governance**

Issue 1a – Board of Directors

The CRTPA's Board of Directors board needs to strengthen its governance over fiscal activities. The CRTPA management team needs to establish adequate fiscal procedures and hire a person of appropriate skills and experience to perform required fiscal duties.

*OIG Recommendations*

- Regularly review and discuss the annual single audit results, management decision letters, and corrective action plans, including follow up reviews on such issues
- Oversee the Executive Director's design and implementation of corrective actions, as well as the agency's internal control system, and provide constructive feedback on the Executive Director's remediation of deficiencies as necessary

*CRTPA Response*

*The CRTPA's Annual Financial Audit and the OIG Audit were presented at the December 18, 2018, CRTPA Board Meeting. The presentation touched on topics such as the Board's role in financial oversight and the concepts and benefits of internal controls. To better understand their responsibilities related to financial oversight, a presentation on governance was conducted by the City of Tallahassee Auditor. The Board discussed various options to improve financial oversight and review of the audits.*

*The Executive Director was directed to bring back options for the Board to consider in early 2019. Options may include establishing a standing audit committee, updating the duties of the current Executive Committee to explicitly include audit review or retooling the Executive Committee to add more members and specify their role in the overall CRTPA structure.*

*Also, during the meeting, the Executive Director was directed to bring back an update on the status of the corrective actions and other improvements made to the overall financial management of the CRTPA. The update will be provided at the March or April 2019 meeting, depending on the actual meeting schedule.*

Issue 1b – Management Team

The CRTPA management team needs to establish effective controls over its fiscal activities. Particularly, the CRTPA needs to hire a person of appropriate skills and experience to perform required fiscal duties, establish adequate fiscal procedures, and adequately supervise the performance of these duties.

*OIG Recommendations*

- Appropriately define and staff a job position to support all necessary fiscal activities, including (but not limited to) invoicing

- Ensure development of adequate, documented procedures supporting financial controls, including proper reconciliations
- Present timely updates to the board regarding the status of:
  - Budget to actual spending;
  - Appropriate modification or amendment requests; and
  - Corrective action plans

*CRTPA Response*

*We have established a deadline of March 31, 2019 assess the need to add additional staff with financial skills. This would allow approximately 9 months under the improved processes put in place to determine their effectiveness and whether additional staff are needed.*

*Over the past year, CRTPA staff has worked to address the issues related to financial management and timely billings. This work includes ensuring invoices include the proper documentation as required by the MPO Handbook. We have worked with the City of Tallahassee's Department of Financial Services to improve communication and coordination as it relates to the development of invoices. This was the most significant problem that led to the issues outlined in the OIG Report. As a result, the billings for the April-June and July-September were submitted and reimbursed within the timeframes specified in the respective contracts. For the new contract period (July 1, 2018 – June 30, 2020), we have established a goal to have all invoices submitted within 45 days of the end of the quarter. This was met for the first quarter (July-September 2018) of the new contract.*

*We have developed a quarterly budget report that details budget utilization by fund as well as notes illustrating when invoices were submitted, and reimbursement was received. Information related to Unified Planning Work Program (UPWP) amendments or modifications or any other relevant financial information will be included as necessary. Appendix 1 contains the reports for the first quarter of FY 2019 (July – September).*

**2. Financial Management System**

CRTPA did not maintain an adequate financial management system (defined as all processes, both automated and manual, used to meet federal recordkeeping requirements).

*OIG Recommendations*

- Develop and establish a detailed written procedure regarding the process for composing, calculating, and submitting invoices, including a step-by-step procedure to generate financial reports and filtering data for invoice calculation; this procedure should be communicated to staff appropriately; and

- Assign a specific account code for unallowable costs incurred by CRTPA to be utilized at the time of data entry to PeopleSoft

*CRTPA Response*

*As mentioned earlier, we have established procedures for our various financial management requirements; however, they are not yet established in writing. We will work with the Financial Department and the City Auditor to document these procedures over the next year.*

*We will need to determine if we are able to assign a specific code for unallowable costs. Due to the relatively low number of non-payroll transactions in a given quarter (average of 38 in FY 2018) and an even smaller number of unallowable costs (average of 5), we are easily able to identify them manually.*

**3. Indirect Costs and Staff Services Agreement**

The Staff Services Agreement between the City of Tallahassee and CRTPA did not clearly define the terms for determining amounts owed by CRTPA. Instead, the city provided CRTPA with an annual indirect rate calculation unsupported by a written methodology. CRTPA charged this rate to the department as if it were its own rate, while direct charging other, internally incurred administrative costs.

Issue 3a – Inconsistent Treatment of Indirect Costs

OIG Recommendations

- Monitor departmental guidance regarding indirect costs and ensure compliance by CRTPA

Issue 3b – Staff Services Agreement

OIG Recommendations

- Ask the city to create a documented procedure for calculating administrative costs under the Staff Services Agreement (including descriptions for the basis used to allocate costs to each service category defined in the agreement) and submit copies of the procedure to CRTPA
- Execute an updated Staff Services Agreement with the city that:
  - Clearly references this procedure; and
  - Requires the city to invoice periodically for the costs of services provided under the agreement and fully document all invoiced costs.

*CRTPA Response*

*Effective July 1, 2018 the CRTPA eliminated the Indirect Cost rate.*

*The Staff Services Agreement will be revised to establish a procedure to develop and document the rates charged for internal administrative costs (i.e. accounting, human resources, procurement etc.) on an annual basis.*



*These costs will be detailed as part of the annual budget process for the CRTPA.*

#### **4. Invoicing**

During the audit period, the district rejected invoices submitted by CRTPA multiple times due to noncompliance, insufficient information, and incorrect data. Also, CRTPA did not submit its reimbursement requests for FHWA funds using consistent service periods (e.g., monthly or quarterly) in a timely manner.

##### Issue 4a – Incomplete Invoice Submissions

###### OIG Recommendations

- Implement improved procedures and controls to ensure invoice packages contain all components required by the MPO Agreement and Handbook

##### Issue 4b – Untimely Invoice Submission

###### OIG Recommendation

- Develop mechanisms to ensure invoice reimbursement requests are submitted to the department on a monthly or quarterly basis, as required by the MPO Agreement
- Work with the department to ensure staff members receive proper training regarding the required invoice package components

##### CRTPA Response

*Our updated invoice process includes a three-step process where the invoices are developed by the Financial Services Department then reviewed by the CRTPA Executive Director for accuracy. The Executive Director develops the required progress reports and other required documentation consistent with the MPO Handbook then submits the invoice package back to the Financial Services Department for final review. Submittal to FDOT is coordinated so that the reimbursements can be accurately tracked when received.*

#### **5. Questioned Costs.**

CRTPA submitted reimbursement requests that included:

- \$19,118 in costs incurred prior to the execution of the MPO Agreement.
- \$1,393 in costs without sufficient supporting documentation.
- \$250 per month for an executive car allowance not supported by adequate documentation to confirm its allowability.

##### Issue 5a – Expense incurred prior to execution of the MPO Agreement

###### OIG Recommendation

- Ensure transaction dates for CRTPA's requested reimbursements are within the appropriate contract dates

*CRTPA Response*

*The costs in question were incurred during the last two quarters of FY 2016 (January – June 2016) and were incorrectly charged to Contract G0D-29, which was effective July 1, 2016. During the final billing for G0D-29 (expired June 30, 2018) and the first billing for G0Y-56 (effective July 1, 2018) charges were reviewed separately by the Financial Services Department and the Executive Director to ensure they were charged to the appropriate contract. The review included ensuring payroll is charged to the correct contract should a payroll period cover two contract periods. This will be the standard procedure for every contract transition period moving forward.*

*It should be noted the costs charged were all allowable costs, however, they were charged to the incorrect contract.*

Issue 5b – Unsupported expenses

OIG Recommendation

- CRTPA properly document all expenses incurred with properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges to substantiate the reimbursement requests submitted to the department.

*CRTPA Response*

*Noted. This issue was related to the issues identified with Item #6 – Timekeeping Practices.*

Issue 5c – Car Allowance

OIG Recommendation

- Implement board review of the Executive Director's car allowance to determine if any portion of the car allowance is utilized for personal use;
- Revise the Executive Director's Employment Agreement to include additional documentation requirements for car allowance, such as mileage log, to distinguish business and personal usage; and
- Alternatively, consider eliminating the car allowance portion from the Employment agreement to avoid its administrative burden.

*CRTPA Response*

*The Executive Director's employment agreement will be amended in early 2019 to eliminate the car allowance provision.*

**6. *Timekeeping practices***

CRTPA's timesheet practices did not align with the payroll policy adopted from the City of Tallahassee. Also, CRTPA did not have adequate documentation of time records.

Issue 6a – Noncompliance with the payroll policy

OIG Recommendations

- Provide training to staff members regarding the adopted policy requirements for payroll processing; and
- Enforce the signature of an approving authority for each timesheet to attest for completion and accuracy.

Issue 6b – Inadequate documentation of time records

OIG Recommendations

- CRTPA perform reconciliations for the hours reflected in the timesheets and hours reported in the accounting system. Additionally, the reconciliation activity should be performed by a staff or executive member with the appropriate expertise

*CRTPA Response*

*In July 2017, as part of an overhaul of the CRTPA's Unified Planning Work Program (UPWP), CRTPA's timesheets were revised to accurately reflect work performed under each task. Time entry was standardized to eliminate the issue of inconsistent input by employees. Timesheets were further revised in July 2018 to include a brief description of work activities for each day to ensure the correct tasks are charged.*

*Once input in Kronos by the Administrative Assistant, the timesheets are reviewed by the Program Manager for accuracy then approved by the Executive Director electronically.*

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

July - September 2018  
PL Budget Summary

Task	Approved Budget	Current Expenditures	Previous Expenditures	Balance	Utilization
<b>Administration</b>					
Personnel:	\$ 182,241	\$ 30,556.22	\$ -	\$ 151,684.78	16.8%
Travel:	\$ 17,000	\$ 2,065.58	\$ -	\$ 14,934.42	12.2%
Direct Expenses					
Administrative:	\$ 88,900	\$ 1,544.25	\$ -	\$ 87,355.75	1.7%
Contracted Services					
Audit:	\$ 30,000	\$ -	\$ -		
Legal:	\$ 24,000	\$ 4,805.50	\$ -	\$ 19,194.50	20.0%
Office:	\$ 31,087	\$ 125.09	\$ -	\$ 30,961.91	0.4%
<b>Total</b>	<b>\$ 373,228</b>	<b>\$ 39,096.64</b>	<b>\$ -</b>	<b>\$ 334,131.36</b>	<b>10.5%</b>
<b>Data Collection</b>					
Personnel:	\$ 15,160	\$ 2,646.21	\$ -	\$ 12,513.79	17.5%
Consultant:	\$ 10,000	\$ -	\$ -	\$ 10,000.00	0.0%
<b>Total</b>	<b>\$ 25,160</b>	<b>\$ 2,646.21</b>	<b>\$ -</b>	<b>\$ 22,513.79</b>	<b>10.5%</b>
<b>Long Range Planning</b>					
Personnel:	\$ 58,975	\$ 6,177.44	\$ -	\$ 52,797.56	10.5%
<b>Short Range Planning</b>					
Personnel:	\$ 41,322	\$ 9,836.23	\$ -	\$ 31,485.77	23.8%
Interactive TIP	\$ 9,600	\$ -	\$ -	\$ 9,600.00	0.0%
<b>Total</b>	<b>\$ 50,922</b>	<b>\$ 9,836.23</b>	<b>\$ -</b>	<b>\$ 41,085.77</b>	<b>19.3%</b>
<b>Mobility Planning</b>					
Personnel:	\$ 57,610	\$ 18,831.67	\$ -	\$ 38,778.33	32.7%
<b>Public Involvement</b>					
Personnel:	\$ 46,974	\$ 6,203.07	\$ -	\$ 40,770.93	13.2%
<b>Special Projects</b>					
Personnel:	\$ 94,466	\$ 15,326.33	\$ -	\$ 79,139.67	16.2%
TBD:	\$ 7,684	\$ -	\$ -	\$ 7,684.00	0.0%
<b>Total</b>	<b>\$ 102,150</b>	<b>\$ 15,326.33</b>	<b>\$ -</b>	<b>\$ 86,823.67</b>	<b>15.0%</b>
<b>Overall totals:</b>	<b>\$ 715,019</b>	<b>\$ 98,117.58</b>	<b>\$ -</b>	<b>\$ 616,901.42</b>	<b>13.7%</b>

PL Invoice Submitted to FDOT: 11/14/2018  
Reimbursement issued: 11/26/2018



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

July - September 2018  
Consultant Budget Summary

	Approved Budget	Current Expenditures	Previous Expenditures	Balance	Utilization
SA Funds					
Long Range Planning					
2045 Regional Mobility Plan	\$ 375,000	\$ -	\$ -	\$ 375,000.00	0.0%
Special Projects					
Midtown Area Transportation Plan (Phase II)	\$ 48,292	\$ -	\$ -	\$ 48,292.00	0.0%
Total	\$ 423,292	\$ -	\$ -	\$ 423,292.00	0.0%
SU Funds					
Short Range Planning					
TBD	\$ 76,777	\$ -	\$ -	\$ 76,777.00	0.0%
Mobility Planning					
Bicycle/Pedestrian Plan - Tallahassee/Leon (KHA)	\$ 166,560	\$ 47,380.00	\$ -	\$ 119,180.00	28.4%
Bicycle/Pedestrian Plan - Wakulla County	\$ 30,000	\$ -	\$ -	\$ 30,000.00	0.0%
TBD	\$ 150,000	\$ -	\$ -	\$ 150,000.00	0.0%
Special Projects					
Southwest Area Transportation Plan (KHA)	\$ 301,000	\$ 18,725.84	\$ -	\$ 282,274.16	6.2%
Midtown Area Transportation Plan (Phase II)	\$ 150,000	\$ -	\$ -	\$ 150,000.00	0.0%
Monticello Bicycle Trail Feasibility Study	\$ 55,000	\$ -	\$ -	\$ 55,000.00	0.0%
US 27/Havana Corridor Study	\$ 50,000	\$ -	\$ -	\$ 50,000.00	0.0%
Corridor Reviews/Studies (RSH)	\$ 400,000	\$ -	\$ -	\$ 400,000.00	0.0%
TBD	\$ 171,050	\$ -	\$ -	\$ 171,050.00	0.0%
Total	\$ 1,550,387	\$ 66,105.84	\$ -	\$ 1,484,281.16	4.3%
CM Funds					
Mobility Planning					
ITS Master Plan (KHA)	\$ 55,000.00	\$ 4,427.50	\$ -	\$ 50,572.50	8.1%
Congestion Management Plan (Phase II) (RSH)	\$ 125,000.00	\$ -	\$ -	\$ 125,000.00	0.0%
Performance Measures	\$ 62,700.00	\$ -	\$ -	\$ 62,700.00	0.0%
Total	\$ 242,700	\$ 4,427.50	\$ -	\$ 238,272.50	1.8%
SA Invoice Submitted to FDOT: N/A					
SU Invoice Submitted to FDOT: 11/14/2018					
Reimbursement issued: 11/28/2018					
CM Invoice Submitted to FDOT: 11/15/2018					
Reimbursement issued: 11/20/2018					
Consultants: KHA - Kimley-Horn and Associates RSH - Reynolds, Smith and Hill					


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

---

**APPENDIX C – Management Response**

---

Office of Policy Planning's (OPP) management response was provided on February 14, 2019. The response is included in its entirety below:

 <b>Florida Department of Transportation</b> 605 Suwannee Street Tallahassee, FL 32399-0450	<small>RON DESANTIS GOVERNOR</small>	<small>KEVIN J. THIBAUT, P.E. SECRETARY</small>
 <b>MEMORANDUM</b>		
<b>FROM:</b> Carmen Monroy, Director, Office of Policy Planning		
<b>TO:</b> Kristofer Sullivan, Inspector General		
<b>DATE:</b> February 14, 2019		
<b>SUBJECT:</b> Audit Report No. 18I-9004, CRTPA		
<b>COPY:</b> Tom Byron, Assistant Secretary for Strategic Development		
 Below is the official response to Audit Report No. 18I-9004 from the Office of Policy Planning.		
<b>Issue 1 – Governance</b>		
 <i>Issue 1a – Board of Directors</i>		
<b>Issue:</b> The CRTPA's Board of Directors board needs to strengthen governance over fiscal activities in accordance with the roles and responsibilities defined by an appropriate framework of internal control, as required by Title 2 Code of Federal Regulations (CFR), Section 200.303.		
<b>Recommendation:</b> We recommend the Director of OPP communicate to CRTPA's board its responsibility to:		
<ul style="list-style-type: none"><li>• Regularly review and discuss the annual single audit results, management decision letters, and corrective action plans, including follow up reviews on such issues;</li><li>• Oversee the Executive Director's design and implementation of corrective actions, as well as the agency's internal control system, and provide constructive feedback on the Executive Director's remediation of deficiencies as necessary;</li><li>• Ensure the agency employs individuals with the accounting or financial skills necessary to perform their responsibilities and to effectively carry out the agency's objectives;</li></ul>		
<a href="http://www.fdot.gov">www.fdot.gov</a>		

- Periodically inquire regarding the agency's budget utilization, as well as the status of UPWP amendment approvals by the department and FHWA when applicable, to ensure the amended budget is not expended prior to its approvals; and
- Consider establishing an audit committee (or functional equivalent), consisting of members with the proper fiscal expertise to adequately perform the duties listed above and to provide effective fiscal controls and monitoring over the agency's operations, as well as provide guidance to the Executive Director as appropriate.

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

**Corrective Action:** The OPP will work with the District to ensure CRTPA is compliant. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

#### ***Issue 1b – Management Team***

**Issue:** The CRTPA management team needs to establish effective controls over its fiscal activities. Particularly, the CRTPA needs to hire a person of appropriate skills and experience to perform required fiscal duties, establish adequate fiscal procedures, and adequately supervise the performance of these duties.

**Recommendation:** We recommend the Director of OPP communicate to CRTPA's management team its responsibility to:

- Appropriately define and staff a job position to support all necessary fiscal activities, including (but not limited to) invoicing;
- Ensure development of adequate, documented procedures supporting financial controls, including proper reconciliations; and
- Present timely updates to the board regarding the status of:
  - Budget to actual spending;
  - Appropriate modification or amendment requests; and
  - Corrective action plans.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The CRTPA Board is addressing its financial controls. OPP will work with the District to document this progress which will be communicated to the Board through the annual Joint Certification Review.

**Estimated Completion Date:** Spring of 2020.

## Issue 2 – Inadequate Financial Management System

**Issue:** CRTPA was not compliant with the requirements set forth in Title 2 CFR 200.302 (Financial Management) and the MPO Agreement regarding the adequacy of the MPO's financial management system, consisting of all processes (both automated and manual) used to meet federal recordkeeping requirements.

**Recommendation:** We recommend the Director of OPP require CRTPA to:

- Develop and establish a detailed written procedure regarding the process for composing, calculating, and submitting invoices, including a step-by-step procedure to generate financial reports and filtering data for invoice calculation; this procedure should be communicated to staff appropriately; and
- Assign a specific account code for unallowable costs incurred by CRTPA to be utilized at the time of data entry to PeopleSoft.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** CRTPA is developing written procedures. OPP will work with the District to ensure timely development of the procedures.

**Estimated Completion Date:** December 31, 2019.

## Issue 3 – Indirect Costs and Staff Services Agreement

### *Issue 3a – Inconsistent Treatment of Indirect Costs*

**Issue:** CRTPA recouped administrative costs by direct charging amounts for some administrative costs, while simultaneously using an indirect rate to recover others. Federal regulation requires the utilization of a single, consistent treatment for the same type of costs. In addition, the indirect rate utilized by CRTPA was calculated by its host agency (City of Tallahassee), and had not been reviewed or approved by the department, as required by Federal regulation (see Issue 3b, for an explanation of cause).

**Recommendation:** We recommend the Director of OPP continue to monitor departmental guidance regarding indirect costs and ensure compliance by CRTPA.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** OPP will continue to work with the Department's Office of the Comptroller on guidance for indirect cost utilization and work with the District to ensure CRTPA compliance. OPP will work with the District to ensure CRTPA is correctly allocating costs to this grant and the methodology for assessing administrative costs has been reviewed and approved. To ensure consistency statewide, OPP will prepare guidance for the Metropolitan Planning Program addressing federal grant compliance requirements on the allocation of costs to assist hosted MPOs.

**Estimated Completion Date:** December 31, 2019.

***Issue 3b - Staff Services Agreement***

**Issue:** The Staff Services Agreement did not clearly define the terms for determining amounts owed for the services provided by the city, and no invoice or documentation was provided to CRTPA for the charged costs. Instead, the city provided an annual indirect rate calculation unsupported by a written methodology, and expected CRTPA to pass the rate onto the department to recoup its costs

**Recommendation:** We recommend the Director of OPP require CRTPA to:

- Ask the city to create a documented procedure for calculating administrative costs under the Staff Services Agreement (including descriptions for the basis used to allocate costs to each service category defined in the agreement) and submit copies of the procedure to CRTPA; and
- Execute an updated Staff Services Agreement with the city that:
  - Clearly references this procedure; and
  - Requires the city to invoice periodically for the costs of services provided under the agreement and fully document all invoiced costs.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** OPP will work with the District to review the staff services agreement and other governance documents between the City of Tallahassee and CRTPA to ensure these documents include appropriate methodology for the allocation of costs to the MPO program consistent with federal guidance. To ensure statewide consistency, OPP will prepare guidance for the Metropolitan Planning Program addressing federal grant compliance requirements on the allocation of costs to assist hosted MPOs including model language for staff services agreements.

OPP will work with the District to monitor CRTPA's invoice submittals and make recommendations for monthly invoicing. OPP will reinforce the portion of the risk assessment that monitors for regular billing and provide training to MPO program staff.

**Estimated Completion Date:** December 31, 2019.



#### Issue 4 – Invoicing

##### ***Issue 4a – Incomplete Invoice Submissions***

**Issue:** The following invoices were rejected by the district prior to reimbursement due to noncompliance, insufficient information, and incorrect data:

- Invoice G0D29-1 (for the billing period of July 1, 2016 – September 30, 2016) was rejected once prior to reimbursement; and
- Invoice G0D29-2 (for the billing period of October 1, 2016 – December 31, 2016) was rejected twice prior to reimbursement.

**Recommendation:** We recommend the Director of OPP require CRTPA to implement improved procedures and controls to ensure invoice packages contain all components required by the MPO Agreement and Handbook.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The OPP will work with the District to monitor that CRTPA is strengthening its fiscal activities. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

##### ***Issue 4b - Untimely Invoice Submission***

**Issue:** CRTPA did not submit its reimbursement requests for FHWA funds using consistent service periods (e.g., monthly or quarterly) in a timely manner.

**Recommendation:** We recommend the Director of OPP require CRTPA to:

- Develop mechanisms to ensure invoice reimbursement requests are submitted to the department on a monthly or quarterly basis, as required by the MPO Agreement; and
- Work with the department to ensure staff members receive proper training regarding the required invoice package components.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The OPP will work with the District to monitor that CRTPA is strengthening its fiscal activities. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

#### **Issue 5 – Questioned Costs**

##### ***Issue 5a - Expenses Incurred Prior to the Execution of the MPO Agreement***

**Issue:** CRTPA submitted reimbursement requests that included expenses incurred prior to the execution of the MPO Agreement totaling \$19,118.

**Recommendation:** We recommend the Director of OPP ensure transaction dates for CRTPA's requested reimbursements are within the appropriate contract dates.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The OPP will work with the District to monitor that CRTPA is strengthening its fiscal activities. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

##### ***Issue 5b - Unsupported Expenses***

**Issue:** CRTPA received reimbursements for expenses that did not contain sufficient supporting documentation totaling \$1,393.

**Recommendation:** We recommend the Director of OPP require CRTPA to properly document all expenses incurred with properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges to substantiate the reimbursement requests submitted to the department.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The OPP will work with the District to monitor that CRTPA is strengthening its fiscal activities. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

***Issue 5c - Car Allowance***

**Issue:** CRTPA received reimbursements for a car allowance via the Executive Director's payroll compensation. The car allowance was not supported by adequate documentation to confirm its allowability.

**Recommendation:** We recommend the Director of OPP require CRTPA to:

- Implement board review of the Executive Director's car allowance to determine if any portion of the car allowance is utilized for personal use;<sup>1</sup>
- Revise the Executive Director's Employment Agreement to include additional documentation requirements for car allowance<sup>2</sup>, such as mileage log, to distinguish business and personal usage; and
- Alternatively, consider eliminating the car allowance portion from the Employment agreement to avoid its administrative burden.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** CRTPA addressed this issue by eliminating the car allowance. OPP will issue guidance on car allowances through a technical memo and work with its District Three team to document this action.

**Estimated Completion Date:** June 30, 2019.

**Additionally, we recommend** an overall improvement to invoice processing to include:

- Regular weekly timesheet reconciliations;
- A second reviewer for invoice packages to verify its accuracy and completion, prior to the Executive Director's approval and invoice submission; and
- Requirement of signatures reflected in the invoice for the preparer, reviewer, and the approving authority as evidence for its accuracy attestation and accountability.

**Response to Issue:** We concur with the finding and recommendation.

---

<sup>1</sup> Title 2 CFR 200.431(f) Compensation-fringe benefits, Automobiles

<sup>2</sup> Title 2 CFR 200.403 Factors affecting allowability of costs



**Corrective Action:** The OPP will work with the District to monitor that CRTPA is strengthening its fiscal activities. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

#### **Issue 6 – Timekeeping Practices**

##### ***Issue 6a - Noncompliance with the Payroll Policy***

**Issue:** CRTPA's timesheet practices did not align with the payroll policy adopted from the City of Tallahassee.

**Recommendation:** We recommend the Director of OPP require the CRTPA management team to:

- Provide training to staff members regarding the adopted policy requirements for payroll processing; and
- Enforce the signature of an approving authority for each timesheet to attest for completion and accuracy.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The OPP will work with its District Three team to ensure CRTPA is working towards strengthening its fiscal activities. This will be accomplished through monitoring of CRTPA's invoice submittals and progress reports and the annual Joint Certification Review. As a high risk MPO, monitoring of CRTPA documentation will occur more frequently.

**Estimated Completion Date:** Ongoing.

##### ***Issue 6b - Inadequate Documentation of Time Records***

**Issue:** CRTPA did not have adequate documentation of time records.

**Recommendation:** We recommend the Director of OPP require CRTPA to perform reconciliations for the hours reflected in the timesheets and hours reported in the accounting system. Additionally, the reconciliation activity should be performed by a staff or executive member with the appropriate expertise.

**Response to Issue:** We concur with the finding and recommendation.

**Corrective Action:** The OPP will work with the District to monitor that C RTPA is strengthening its fiscal activities. This will be accomplished through the annual Joint Certification Review, risk assessment and communication with the Board.

**Estimated Completion Date:** Ongoing.

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

---

**DISTRIBUTION**

---

**Responsible Managers:**

Carmen Monroy, Director, Office of Policy Planning

**Internal Distribution:**

Kevin J. Thibault, Secretary, Department of Transportation

Torey L. Alston, Chief of Staff

April Blackburn, Acting Assistant Secretary for Finance and Administration

Robin Naitove, CPA, Comptroller

Tom Byron, P.E., Assistant Secretary for Strategic Development

Mark Reichert, Metropolitan Planning Administrator, Office of Policy Planning

Ed Coven, Manager, Transit Office

Liz Stutts, Public Transportation Manager

Phillip Gainer, P.E., District Three Secretary

Jared Perdue, P.E., Director of Transportation Development

Tim Smith, P.E., District Three Intermodal Systems Development Manager

**External Distribution:**

Melinda Miguel, Chief Inspector General, Executive Office of the Governor

Sherrill Norman, CPA, Auditor General, State of Florida

James Christian, Florida Division Administrator, FHWA

Karen Brundle, Director, Office of Project Development, FHWA

Ken Harvey, Director, Office of Finance and Administration, FHWA

Greg Slay, Executive Director, CRTC

Commissioner Nick Maddox (Chair, CRTC Board)

## **PROJECT TEAM**

---

Engagement was conducted by:  
Linda Tan, Auditor

Under the supervision of:  
Tim Crellin, Senior Audit Supervisor for Intermodal  
Ashley Clark, Deputy Audit Director for Performance and Information Technology  
Nancy Shepherd, Deputy Audit Director for Intermodal  
Joseph W. Gilboy, Director of Audit

Approved by:  
Kristofer B. Sullivan, Inspector General

## **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.

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

---

**ATTACHMENT 1 – Overview of COSO Framework**

---

<b>Component</b>	<b>Description</b>
Control Environment	In a <b>control environment</b> , management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives. In a control environment, the organization <sup>29</sup> also demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives, including holding individuals accountable for their internal control responsibilities in pursuit of objectives.
Risk Assessment	<b>Risk assessment</b> involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives, including the determination of how the risks should be managed.
Control Activities	<b>Control activities</b> are the actions established through policies and procedures that help ensure that management's directives are carried out to mitigate risks. Segregation of duties is typically built into the selection and development of control activities.
Information and Communication	Relevant and quality <b>information</b> is obtained or generated and utilized by management from both internal and external sources to support the functioning of other components of internal control. <b>Communication</b> (internal and external) is the continual, iterative process of providing, sharing, and obtaining the necessary information.
Monitoring	<b>Monitoring activities</b> assess the quality of performance over time and promptly resolve the findings of audits and other reviews. Corrective actions are a necessary complement to control activities for achieving objectives.

For additional information, see *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, available at <https://www.gao.gov/greenbook/overview>.

---

<sup>29</sup> For the purposes of COSO's framework, the term "organization" is used to collectively capture the board, management, and other personnel.

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

---

**ATTACHMENT 2 – CRTPA Board (Voting Members)**

---

<b>Governmental Entity</b>	<b>Members</b>	<b>Voting Points</b>	<b>Representative (Voting Member)</b>
Leon County School Board	1	1	Rosanne Wood
Jefferson County <sup>30</sup>	1	4	Commissioner Betsy Barfield
Gadsden Municipalities <sup>31</sup>	1	5	Commissioner Daniel McMillan (City of Quincy)
Wakulla County <sup>32</sup>	1	7	Commissioner Randy Merritt
Gadsden County	1	9	Commissioner Sherrie D. Taylor
Leon County <sup>33</sup>	3	37	Commissioner John Dailey
			Commissioner Kristen Dozier
			Commissioner Nick Maddox (Chair)
City of Tallahassee <sup>34</sup>	3	37	Commissioner Scott Maddox
			Commissioner Nancy Miller
			Commissioner Curtis Richardson
<b>Total</b>	<b>11</b>	<b>100</b>	

Source: CRTPA's Web Page and By-Laws (revised on March 21, 2017)

---

<sup>30</sup> The County Representative will also represent the City of Monticello.

<sup>31</sup> The Cities of Chattahoochee, Greensboro, Gretna, Havana, Midway, and Quincy will consolidate their membership and weighted vote into one membership.

<sup>32</sup> The County Representative will also represent the Cities of St. Marks and Sopchoppy.

<sup>33</sup> The number of voting points is determined by the number of voting members agreed upon by the Leon County Board of County Commissioners.

<sup>34</sup> The number of voting points is determined by the number of voting members agreed upon by the City of Tallahassee.



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

**ATTACHMENT 3 – C RTPA Reimbursement Requests**

**18I-9004 MPO Select:**

Audit Period: July 1, 2016 through December 12, 2017

**FHWA Funds**

State Fiscal Year	Invoice Billing Quarter	Fund Type	Invoice Number	Invoice Period	Invoice Amount	Department Receipt Date	Invoice Status	Payment Date
16/17	1	PL	G0D29-1	7/1/2016 - 9/30/2016	\$ 146,113.64	12/22/2016	Rejected	N/A
16/17	1	PL	G0D29-1	7/1/2016 - 9/30/2016	\$ 146,113.64	3/9/2017	Reimbursed	3/23/2017
16/17	2	SU*	G0D29-1SU	10/1/2016 - 12/31/2016	\$ 1,392.68	7/25/2017	Reimbursed	7/31/2017
16/17	2	PL	G0D29-2	10/1/2016 - 12/31/2016	\$ 121,392.66	7/31/2017	Rejected	N/A
16/17	2	PL	G0D29-2	10/1/2016 - 12/31/2016	\$ 121,392.66	9/26/2017	Rejected	N/A
16/17 - 17/18	4 (FY 16/17), 1 (FY 17/18)	CM**	G0D29-1CM	5/31/2017 - 9/30/2017	\$ 38,695.86	11/17/2017	Reimbursed	11/28/2017
16/17 - 17/18	4 (FY 16/17), 1 (FY 17/18)	SA**	G0D29-1SA	5/1/2017 - 9/30/2017	\$ 70,423.50	12/14/2017	Reimbursed	12/22/2017
16/17	2, 3, 4	PL	G0D29-3	10/1/2016 - 6/30/2017	\$ 411,411.36	2/19/2018	Reimbursed	2/27/2018

\*There were no expenditures charged to SU fund for Quarters 1, 3, and 4 of FY 16/17.

\*\*CM and SA funds were not included in the MPO Agreement until it was amended on April 14, 2017 (quarter 4 of FY 16/17).

Note: During the audit period, no reimbursement requests were submitted by C RTPA for FTA funds.

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

**ATTACHMENT 4 – Questioned Costs Summary**

Questioned Costs for Invoice G0D29-1: Expenses Incurred prior to the MPO Agreement's Effective Date*						
UPWP TASK	PS #	EXPENSE ITEM	AMOUNT	DESCRIPTION	DATE	
Operating Expenses						
1.1 Program Admin	701	Operating	\$ 22.43	MyOfficeProducts	6/6/2016	
			\$ 17.78	MyOfficeProducts	6/27/2016	
			\$ 74.68	Verizon Services	5/23/2016	
			\$ 72.55	Verizon Services	4/23/2016	
			\$ 75.00	Lewis Digital	3/29/2016	
			\$ 765.99	Target Print & Mail	5/9/2016	
			\$ 557.97	Target Print & Mail	6/13/2016	
			\$ 414.43	Konica Minolta	6/30/2016	
			\$ 114.72	Konica Minolta	5/31/2016	
Total Operating Expenses prior to July 1, 2016			\$ 2,115.55			
Travel Expenses						
1.1 Program Admin	701	Travel	\$ 21.28	Employee # 91387	6/20/2016	
			\$ 22.19	Employee # 48516	3/15/2016	
Total Travel Expenses prior to July 1, 2016			\$ 43.47			
Personnel Expenses						
1.1 Program Admin	701	Salaries	\$ 2,395.78	All Staff Members	7/1/2016	
4.1 TIP	990		\$ 1,469.92		7/1/2016	
6.1 Public Involvement	705		\$ 397.20		7/1/2016	
7.1 Bike and Pedestrian	752		\$ 1,465.69		7/1/2016	
8.1 CRTPA Coordination	704		\$ 1,649.68		7/1/2016	
Total Salaries			\$ 7,378.27	See Attachment 4a		
Indirect at 14.60% of Salaries			\$ 1,077.23			
Fringe at 43.37%** of Salaries			\$ 3,199.96			
Total Personnel Expenses for pay period ended June 24, 2016			\$ 11,655.45	Salaries plus indirect and fringe		
Personnel Expenses						
1.1 Program Admin	701	Salaries	\$ 540.47	All Staff Members	7/8/2016	
3.1 UPWP	702		\$ 211.01		7/8/2016	
4.1 TIP	990		\$ 640.32		7/8/2016	
7.1 Bike and Pedestrian	752		\$ 893.20		7/8/2016	
8.1 CRTPA Coordination	704		\$ 1,072.40		7/8/2016	
Total Salaries			\$ 3,357.40	See Attachment 4b		
Indirect at 14.60% of Salaries			\$ 490.18			
Fringe at 43.37%** of Salaries			\$ 1,456.10			
Total Personnel Expenses for pay period ended July 8, 2016			\$ 5,303.68	Salaries plus indirect and fringe		
Total expenses incurred prior to the execution of the MPO Agreement			\$ 19,118.16			
*The MPO Agreement was executed and taken into effect on July 1, 2016.						
**Fringe rate of 43.37% was utilized within invoice G0D29-1						
Questioned Costs: Unsupported Expenses						
INV NUM	UPWP TASK	PS #	EXPENSE ITEM	AMOUNT	DESCRIPTION	DATE
G0D29-1SU	9.2 Special Projects	995	Salaries	\$ 882.00	Employee Number: 48516**	Week Ended 10/7/2016
			Indirect at 14.60% of Salaries	\$ 128.77		
			Fringe at 43.30% of Salaries	\$ 381.91		
Total expenses incurred without supporting documentation			\$ 1,392.68			
**There was no entry for Task 9.2 (PS 995) within the employee's timesheet for the salary billed to the department.						
Total Questioned Costs			\$ 20,510.84			

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

**ATTACHMENT 4a – Itemized Salaries for Pay Period End 6/24/2016**

Finding 3 - Questioned Costs				
CRTPA				
Itemized Salaries				
For Pay Period Ended June 24, 2016				
Employee ID Number	FMS Subsid	Amount	Check Date	Pay Period Ended
48516	OPS701	\$ 91.72	7/1/2016	6/24/2016
48516	OPS701	\$ 91.72	7/1/2016	6/24/2016
48516	OPS701	\$ 86.48	7/1/2016	6/24/2016
48516	OPS701	\$ 91.72	7/1/2016	6/24/2016
48516	OPS701	\$ 86.48	7/1/2016	6/24/2016
48516	OPS701	\$ 86.48	7/1/2016	6/24/2016
48516	OPS701	\$ 101.62	7/1/2016	6/24/2016
48516	OPS701	\$ 110.27	7/1/2016	6/24/2016
48516	OPS701	\$ 102.91	7/1/2016	6/24/2016
48516	OPS701	\$ 37.85	7/1/2016	6/24/2016
48516	OPS701	\$ 40.14	7/1/2016	6/24/2016
91387	OPS701	\$ 5.77	7/1/2016	6/24/2016
91387	OPS701	\$ 5.76	7/1/2016	6/24/2016
91387	OPS701	\$ 37.85	7/1/2016	6/24/2016
91387	OPS701	\$ 37.78	7/1/2016	6/24/2016
93012	OPS701	\$ 37.85	7/1/2016	6/24/2016
93012	OPS701	\$ 39.34	7/1/2016	6/24/2016
93123	OPS701	\$ 106.15	7/1/2016	6/24/2016
93123	OPS701	\$ 138.08	7/1/2016	6/24/2016
93123	OPS701	\$ 135.76	7/1/2016	6/24/2016
93123	OPS701	\$ 153.73	7/1/2016	6/24/2016
93123	OPS701	\$ 107.42	7/1/2016	6/24/2016
93123	OPS701	\$ 116.94	7/1/2016	6/24/2016
93123	OPS701	\$ 155.42	7/1/2016	6/24/2016
93123	OPS701	\$ 151.61	7/1/2016	6/24/2016
93123	OPS701	\$ 161.55	7/1/2016	6/24/2016
93123	OPS701	\$ 37.85	7/1/2016	6/24/2016
93123	OPS701	\$ 39.53	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
93012	OPS990	\$ 159.90	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
93012	OPS990	\$ 158.49	7/1/2016	6/24/2016
93012	OPS990	\$ 24.76	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
93012	OPS990	\$ 165.21	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
93012	OPS990	\$ 160.26	7/1/2016	6/24/2016
91387	OPS705	\$ 0.84	7/1/2016	6/24/2016
91387	OPS705	\$ 197.62	7/1/2016	6/24/2016
91387	OPS705	\$ 198.74	7/1/2016	6/24/2016
91387	OPS752	\$ 92.95	7/1/2016	6/24/2016
91387	OPS752	\$ 256.24	7/1/2016	6/24/2016
91387	OPS752	\$ 264.61	7/1/2016	6/24/2016
91387	OPS752	\$ 267.40	7/1/2016	6/24/2016
91387	OPS752	\$ 151.29	7/1/2016	6/24/2016
91387	OPS752	\$ 111.65	7/1/2016	6/24/2016
91387	OPS752	\$ 321.55	7/1/2016	6/24/2016
48516	OPS704	\$ 268.10	7/1/2016	6/24/2016
48516	OPS704	\$ 268.10	7/1/2016	6/24/2016
48516	OPS704	\$ 268.10	7/1/2016	6/24/2016
48516	OPS704	\$ 41.08	7/1/2016	6/24/2016
48516	OPS704	\$ 268.10	7/1/2016	6/24/2016
48516	OPS704	\$ 268.10	7/1/2016	6/24/2016
48516	OPS704	\$ 268.10	7/1/2016	6/24/2016
Total Salaries For Pay Period Ended June 24, 2016		\$ 7,378.27		

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

**ATTACHMENT 4b – Itemized Salaries for Pay Period End 7/8/2016**

Finding 3 - Questioned Costs					
CRTPA Itemized Salaries For Pay Period Ended July 8, 2016					
Employee ID Number	FMS Subsid	Check Date	Pay Period Ended	Amount	Day Worked
48516	0PS701	7/15/2016	7/8/2016	\$ 180.75	6/30/2016
48516	0PS701	7/15/2016	7/8/2016	\$ 233.07	6/28/2016
93012	0PS701	7/15/2016	7/8/2016	\$ 126.65	6/28/2016
48516	0PS704	7/15/2016	7/8/2016	\$ 268.10	6/30/2016
48516	0PS704	7/15/2016	7/8/2016	\$ 268.10	6/29/2016
48516	0PS704	7/15/2016	7/8/2016	\$ 268.10	6/28/2016
48516	0PS704	7/15/2016	7/8/2016	\$ 268.10	6/27/2016
91387	0PS752	7/15/2016	7/8/2016	\$ 334.95	6/30/2016
91387	0PS752	7/15/2016	7/8/2016	\$ 251.21	6/29/2016
91387	0PS752	7/15/2016	7/8/2016	\$ 307.04	6/28/2016
93012	0PS990	7/15/2016	7/8/2016	\$ 160.26	6/30/2016
93012	0PS990	7/15/2016	7/8/2016	\$ 159.90	6/29/2016
93012	0PS990	7/15/2016	7/8/2016	\$ 159.90	6/28/2016
93012	0PS990	7/15/2016	7/8/2016	\$ 160.26	6/27/2016
71329	PS702			\$ 211.01	Jul-16
Total Salaries For Pay Period Ended July 8, 2016				\$ 3,357.40	