



# Florida Department of TRANSPORTATION

Office of Inspector General  
Kristofer B. Sullivan, Inspector General

DocuSigned by:

*Kristofer B. Sullivan*

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Audit Report No. 20I-006  
Pasco County Metropolitan Planning Organization

March 18, 2021

## What We Did

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The Florida Department of Transportation's (Department) Office of Inspector General (OIG) conducted an audit of the Pasco County Metropolitan Planning Organization (MPO), a District Seven subrecipient of the Department, to evaluate the Metropolitan Planning Organization's governance structure and associated fiscal financial management processes. This audit was conducted as a part of the fiscal year 2019-20 Audit Plan.

The scope of this audit was the MPO grants for fiscal years 2016-18 and 2018-20.

## What We Found

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**We determined** that the Pasco County MPO is not fully implementing financial management processes, in accordance with the agreement and related statutes. **We also determined** that the MPO does not have adequate internal controls and accounting principles and procedures regarding its allocation methods, record keeping, and invoice procedures in accordance with Title 2, Part 200, Sections 303, 305, and 403, Code of Federal Regulations (C.F.R.), and the MPO Program Management Handbook Section 3.13.1.

**We observed** that the MPO is not receiving reimbursement for indirect costs.

## What We Recommend

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**We recommend** the Office of Policy Planning's Metropolitan Planning Administrator monitor the District's and MPO's collaboration of an actionable plan regarding:

- policies and procedures to comply with federal and state statutes. In particular, the MPO should develop policies and procedures that outline in detail a step-by-step process for developing an invoice package, including Quality Assurance/Quality Controls;

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- MPO staff training for creating the reimbursement invoice that is in accordance with the MPO Handbook and 2 C.F.R. 200; and
- fiscal management by addressing the communication issues between the MPO and County. Specifically, we suggest the MPO and Pasco County do the following:
  - conduct a comprehensive walkthrough with each branch to understand the entirety of the MPO and Pasco County's fiscal management process;
  - train the MPO staff on the Munis accounting system and allow the MPO access permissions to query reports to improve invoice workflow process; and
  - update the Interlocal Agreement between the MPO and Pasco County to include detailed language and descriptions of roles and responsibilities for branch departments and the MPO.

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## **BACKGROUND AND INTRODUCTION**

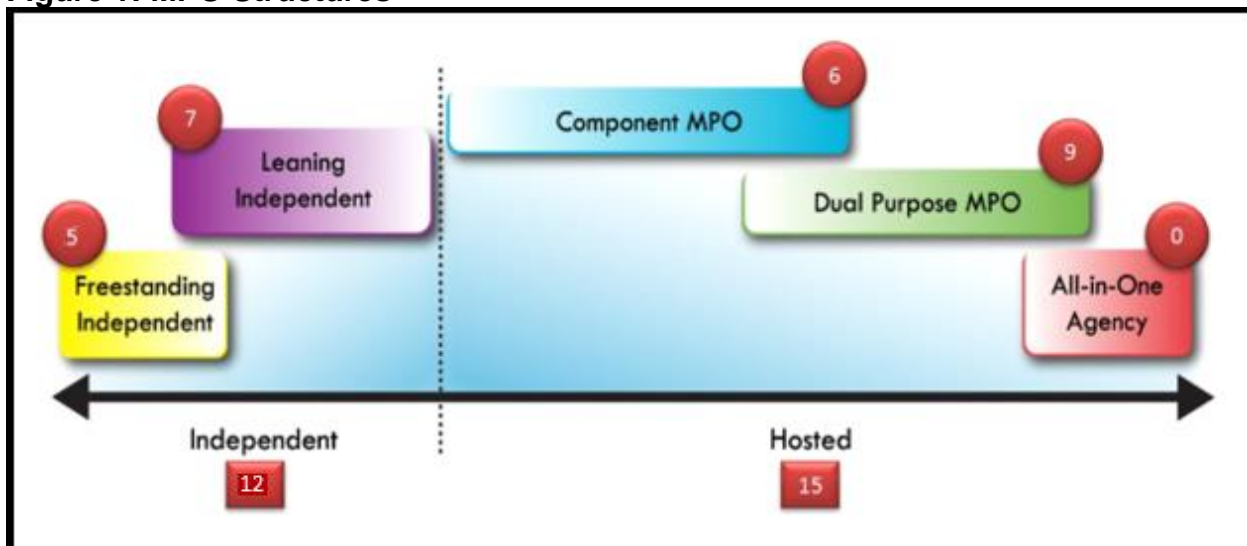
### **Metropolitan Planning Organizations**

In 1973, the Federal-Aid Highway Act mandated the creation or designation of Metropolitan Planning Organizations (MPOs) for urbanized areas with populations greater than 50,000 people. MPOs are federally mandated Transportation Planning Organizations (TPOs), comprised of representatives from local governments and transportation authorities, which help ensure federally funded transportation projects support local priorities. In Florida, MPOs may be referred to interchangeably as MPOs, TPOs, or Transportation Planning Agencies (TPAs).

There are 27 MPOs across the state of Florida. Typically, each MPO has been founded by an Interlocal Agreement, executed under Title XI, Chapter 163, Florida Statutes, among the various county, city, and other local governments in the area to be served. Many MPOs also execute a separate service agreement with a participating local government to obtain administrative services or other support (e.g., office space), often at below-market rates. The terms of these arrangements vary widely.

In 2011, the Florida MPO Advisory Council (MPOAC) commissioned the Center for Urban Transportation Research (CUTR) at the University of South Florida to analyze the different organizational structures employed by Florida's MPOs. CUTR classified the MPOs into two categories, hosted and independent, and five subcategories, ranging from being fully independent (freestanding) to being so thoroughly integrated with the host agency that they are nearly indistinguishable from the host (all-in-one agency). Figure 1 illustrates the CUTR classification model, as applied to Florida's MPOs.

**Figure 1: MPO Structures**



Source: MPOAC: A Snapshot of Florida MPOs (prepared by the Center for Urban Transportation Research [CUTR], April 2011); modified by the Office of Inspector General (OIG) to include the newest MPO, Heartland Regional TPO.

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The Florida Department of Transportation’s (Department) Office of Policy Planning (OPP) uses the CUTR model to classify MPO governance structures.<sup>1</sup>

### **Pasco County MPO**

The Pasco County Metropolitan Planning Organization (MPO) was established in 1982 and as a “forum for cooperative, comprehensive, and continuing planning and decision-making process that serves to approve and/or endorse all State and Federal transportation plans and programs.” The primary function of Pasco’s MPO is transportation planning and programming.

The MPO provides services to the municipalities of Zephyrhills, San Antonio, St. Leo, New Port Richey, Port Richey, and Dade City and works with the community to develop plans, programs, and projects addressing short-term (up to 5 years) and long-term (up to 20 years) needs.

The Pasco County MPO Board is a “policy making committee made up of elected officials from local governments.” The Chair of the Board has the authority and duty to preside at all meetings. The Chair also signs contracts and other legal instruments on behalf of the MPO.

**Table 1: 2020 Pasco County MPO Board members**

Name	Position
Lance Smith	Chairman, Councilman, City of Zephyrhills
Camille Hernandez	Vice Chairwomen, Mayor, City of Dade City
Matt Murphy	Councilman, City of New Port Richey
Scott Tremblay	Mayor, City of Port Richey
Ron Oakley	County Commissioner, District 1
Mike Moore	County Commissioner, District 2
Kathryn Starkey	County Commissioner, District 3
Christina Fitzpatrick	County Commissioner, District 4
Jack Mariano	County Commissioner, District 5
David Gwynn, P.E	District Seven Secretary (Non-Voting Advisor)

Source: Pasco County MPO

### **Pasco County**

The Pasco County MPO is classified as a Hosted (Component) MPO in which the MPO functions are separated from most functions of the host but remains a division of the umbrella agency (Pasco County Board of County Commissioners). The Pasco County MPO has an Interlocal Agreement for Staffing and Support Services by and between Pasco County (County) and the Pasco County Metropolitan Planning Organization (Interlocal Agreement) that defines and addresses the professional and administrative

<sup>1</sup> The MPO Program Management Handbook published by OPP includes a discussion of the model.

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support services the County will provide the MPO, including compensation to the County.

Pasco County's 2020 organizational chart lists the MPO under the Development Services Branch, Planning and Development Department. Development Services Administration provides support to the entire Development Services Branch. Support activities include management oversight, fiscal services, workforce development, performance oversight, and document processing. There are four branches that provide support to the MPO, and have specific roles and oversight of each department in the management and support of Pasco County fiscal management system as follows:

**Internal Services Branch (IS)** – The primary mission of the Internal Services Administration Department is to provide support to all the departments that deliver services to all County departments/divisions. Internal Services Administration provides management, coordination, and document processing services for the following departments: Facilities Management, Fiscal Services, Fleet Management, Human Resources, Information Technology, the Office of Management and Budget, and Purchasing.

**Office of Management and Budget (OMB)** – The primary mission of the Office of Management and Budget (OMB) is to provide management and policy analytical support to the Board, County leadership, and departments, as well as monitor the County's fiscal condition and provide financial strategies to ensure solvency, through the preparation, review and monitoring of County budgets. OMB assists in the development, updating, and implementation of management and budget policy.

**Public Infrastructure (PI)** – Public Infrastructure's primary function for the MPO is to enter the chargebacks<sup>2</sup> journal entries into the chargeback database, which is used to capture and calculate charges against a variety of accounts and account type, including the MPO grant accounts.

**Clerk of Courts (COC)** – The primary duty of the COC is to act as an auditor for the County. The COC is the "go between the external auditor and Pasco County Board of County Commissioners." The interaction with the MPO is limited; the COC communicates with the Development Services Branch fiscal team which is assigned to provide daily support to the MPO.

Financial Services provides accounting and financial reporting services for the Board of County Commissioners and the Office of the Clerk & Comptroller. The Department's duties include processing payroll, disbursing payments on contracts and purchases made within budgetary guidelines, investing surplus county funds, and overseeing the preparation and presentation of the Comprehensive Annual Financial Report of Pasco

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<sup>2</sup> Chargebacks, also referred to as "less charges", are internal services provided to the MPO by Pasco County departments such as County Attorney and Engineering Services or shared services i.e., postage or copier expense.

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County, the Financial Statements of the Board of County Commissioners and the Clerk & Comptroller, and various state reports.

### **MPO Executive Director**

The MPO Executive Director reports directly to the Board and is employed by the MPO's host agency, Pasco County. Table 2 lists the MPO Executive Directors since June 2010. The MPO has had five Executive Directors since May 2017.

**Table 2:** MPO Executive Directors Since June 2010

Name	Dates as Executive Director
Jim Edwards	June 2010 - March 2017
Craig Casper	May 2017 - May 2018
John Villeneuve	May 2018 - November 2019
Manny Lajmiri (Interim)	November 2019 - March 2020
Ronnie Blackshear	March 2020 - September 2020
Nectarious (Terry) Pittos (Interim)	September 2020 - Present

Source: Emails from District Seven and MPO

### **Pasco County MPO's Relationship with the Department**

The MPO's planning grants are Federal Highway Administration (FHWA) funds that are passed through the Department. Pasco County MPO, located in the Department's District Seven (District), is assigned a grant manager who is responsible for oversight of the MPO funds to ensure compliance with both State and Federal statutes and regulations. The Department's role in the MPO Program is to support and oversee MPOs in their planning process. The Department provides both technical support via District MPO liaisons and financial support as a pass-through entity for federal funds. Pasco County MPO and the Department have executed an agreement, "Metropolitan Planning Organization Agreement" (Agreement), for each planning grant. This agreement states the terms and conditions upon which the FHWA funds will be provided and sets forth the manner in which work tasks and subtasks within the Unified Planning Work Program (UPWP), the MPO's budget, will be undertaken and completed.

### **Indirect Cost Reimbursement Methods**

The Federal Uniform Grant Guidance (Appendix V and Appendix VII) and the Office of Policy Planning's MPO Program Management Handbook (MPO Handbook) provide MPOs specific options to receive reimbursement for costs expended for a federal award: indirect rate, De Minimis or direct billing.

*Federally Negotiated Indirect cost rate* is used when the subrecipient or passthrough entity negotiates an indirect rate or cost sharing for reimbursement of costs. This rate is accepted by all Federal agencies and must be made publicly available for use in any policies, procedures, and general decision-making criteria. This option is available to

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hosted MPOs and the MPO should submit the Federally approved indirect cost rate agreement to the Department for filing.

*De Minimis* cost reimbursement is the election to use a flat 10 percent of the Modified Total Direct Costs. Modified Total Direct Costs are total direct costs, including direct salaries and wages, applicable fringe benefits, materials and supplies, less specified items as outlined in Title 2, Section 200.68, Code of Federal Regulations (C.F.R.). If the subrecipient elects to use the de minimis reimbursement method, the method must be used for all federal awards. The MPO is required to submit its cost policy statement and a completed De Minimis Certification form to the Department's Office of Comptroller for review and approval.

*Direct billing* of indirect costs may be utilized for subrecipients that do not wish to be reimbursed at the de minimis rate and do not have a State or Federally approved indirect cost rate. With direct billing of indirect costs, the MPO will charge all eligible costs as direct costs and will be reimbursed for such. As opposed to charging a rate to cover indirect expenses, all indirect expenses will need to be reflected in the UPWP budget details as direct expenses.



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**RESULTS OF REVIEW**

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The objective of our audit was to determine if the Pasco County MPO is implementing financial management processes for planning grants G0D08 and G0W73 in accordance with the joint agreement between the Department and the MPO and related statutes.

**Finding 1 – Financial Management**

**We determined** that the Pasco County MPO is not fully implementing financial management processes, in accordance with the agreement and related statutes. **We also determined** that the MPO does not have adequate internal controls and accounting principles and procedures regarding its allocation methods, record keeping, and invoice procedures in accordance with Title 2, Part 200, Sections 303, 305, and 403, Code of Federal Regulations (C.F.R.), and the MPO Program Management Handbook Section 3.13.1.

The following criteria were tested:

2 C.F.R. 200.303 (a)-(d) Internal Controls – Non-Federal entity is responsible for:

- a) establishing and maintaining effective control over the Federal award to provide reasonable assurance of compliance
- b) comply with applicable Federal regulations & terms of award
- c) evaluate and monitor compliance
- d) take corrective action where necessary, particularly in response to audit findings

2 C.F.R. 200.305(b) Payment – Guidelines Non-Federal entities must follow to ensure timely payments.

2 C.F. R. 200.403 - 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."

MPO Handbook Section 3.13.1 Invoice – outlines the requirements of invoice packages. The specific requirements are detailed in Attachment 1.

**Condition:** MPO invoices are required to be submitted within 90 days, in accordance with the MPO Handbook, after the end of the reporting period. For both grants we reviewed, invoices have been routinely submitted past the 90 days. For Grant G0D08, six of the eight invoices were submitted after the end of the reporting period, as shown in Table 3.

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**Table 3:** Grant G0D08 Number of days invoice submitted after reporting period.

Invoice No.	Invoice Period	Date received by District	Total days after reporting period ended
FHWA-G0D08-1	07/01/2016 - 09/30/2016	12/28/2016	89
FHWA-G0D08-2	10/01/2016 - 12/31/2016	04/17/2017	107
FHWA-G0D08-3	01/01/2017 - 03/31/2017	08/15/2017	137
FHWA-G0D08-4	04/01/2017 - 06/30/2017	11/02/2017	125
FHWA-G0D08-5	07/01/2017 - 09/30/2017	02/02/2018	125
FHWA-G0D08-6	10/01/2017 - 12/31/2017	03/29/2018	88
FHWA-G0D08-7	01/01/2018 - 03/31/2018	08/28/2018	150
FHWA-G0D08-8	04/01/2018 - 06/30/2018	10/30/2018	122

Source: Pasco County MPO invoices submitted to District Seven

Table 4 below illustrates, for Grant G0W73, the number of days invoices were submitted to District Seven after the end of the reporting period. In the first year (invoices 1-4) of the grant, two of the four were submitted beyond the 90-day reporting period. In the second year (invoices 5-8), all four invoices were submitted beyond the 90-day reporting period.

**Table 4:** Grant G0W73 Number of days invoice submitted after reporting period.

Invoice No.	Invoice Period (as listed on invoice coversheet)	Date received by District	Total days after reporting period ended
FHWA-G0W73-1	07/01/2018 - 09/30/2018	12/18/2018	79
FHWA-G0W73-1*	07/01/2018 - 09/30/2018	05/22/2020	600
FHWA-G0W73-2	07/06/2018 - 12/30/2018	03/27/2019	87
FHWA-G0W73-2*	10/01/2018 - 12/31/2018	05/22/2020	508
FHWA-G0W73-3	08/01/2018 - 03/31/2019	08/19/2019	141
FHWA-G0W73-3*	01/01/2019 - 03/31/2019	05/22/2020	418
FHWA-G0W73-4	04/01/2019 - 06/30/2019	11/02/2017	123
FHWA-G0W73-4*	04/01/2019 - 06/30/2019	05/22/2020	327
FHWA-G0W73-5	03/01/2019 - 09/30/2019	07/24/2020	298
FHWA-G0W73-6	09/12/2019 - 12/31/2019	09/21/2020	265
FHWA-G0W73-7	11/01/2019 - 03/31/2020	10/13/2020	196
FHWA-G0W73-8	11/20/2019 - 06/30/2020	10/20/2020	112

Source: Invoices submitted to District Seven

\* Invoices previously submitted were rebilled by current MPO staff.

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The following are examples in which the preparation of the reimbursement invoices did not comply with the MPO Handbook, Contract, and 2 C.F.R. 200:

- the invoice coversheets did not accurately capture the modifications<sup>3</sup>/amendments<sup>4</sup> that correlate to the invoice;
- there were written strikethroughs without explanation;
- there were a multitude of mathematical errors;
- incorrect reporting period dates on the fourth quarter invoice task sheets (G0W73 rebilled);
- journal entry for 1<sup>st</sup> quarter chargebacks/less charges incorrectly posted to FTA grant and corrected with journal entry on 4th quarter invoice;
- year 1 of Grant G0W73 was rebilled and included a narrative; however, the narrative did not provide clear explanation for the difference in amounts; and
- travel expenses are not reported on the State of Florida travel voucher coversheet.

Further details and examples can be found in Attachment 1.

**Cause:** We found there are four factors contributing to the fiscal management issues: communication between the MPO and the County, staff turnover, lack of training, and lack of written procedures.

Communication

Below are examples of areas which need improved communication between the MPO and the County.

- The MPO cannot query or export financial data reports from the County's Munis accounting system, causing delays in workflow.
- The County does not provide detailed and timely information on chargebacks billed to the MPO.
  - The County enters chargebacks into Munis in the current fiscal year but are posted in arrears preventing the MPO from viewing in a timely manner as evidenced in Invoice FHWA-G0W73-4.
  - In Invoice FHWA-G0W73-4, the chargebacks do not provide detailed supporting documentation to reconcile to task items. Totals for the journal entry billing for attorney, Geographic Information Systems, and postage did not contain itemized explanation of charges.

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<sup>3</sup> Modifications are revisions that do not change the approved FHWA and Federal Transit Administration (FTA) budget; or do not change the scope of the FHWA and FTA funded work task(s); or do not add or delete a work task(s).

<sup>4</sup> Amendments are revisions that change the approved FHWA and FTA budget; or change the scope of the FHWA and FTA work task(s); or add or delete a work task(s).

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- The MPO does not receive notification when chargebacks are reclassified from the FTA grant to the FHWA grant as evidenced in the supporting documents in Invoice FHWA-GOW73-4.
- According to correspondence<sup>5</sup> from the MPO to the County, the MPO has communicated a variety of issues it seeks to resolve with the County.
  - The County's designated point of contact does not have all the required information needed for the fiscal management for the MPO.
  - The County has an indirect rate for chargebacks and overhead expenses that is not supported or explained in the Staff Services agreement.

### Turnover

The high turnover among MPO Executive Directors, as well as other staff, may lead to loss of institutional knowledge. The MPO staff, particularly new staff, may not receive the appropriate guidance for submitting a complete and accurate invoice that conforms with the Department MPO handbook.

### Training

MPO new and existing staff may not be adequately trained on invoicing procedures and processes.

### Written Procedures

MPO staff does not have written procedures or desk procedures to follow on how to prepare and submit a timely and accurate MPO reimbursement invoice package. Written procedures are an effective way to pass on institutional knowledge when turnover occurs.

**Effect:** Noncompliance with 2 C.F.R. 200.303 between the County and the MPO can impact the recipient and subrecipient funding resulting in the MPO's financial planning, reporting, and overall financial condition being negatively impacted in the following ways:

- MPO's lack of compliance with short-term and long-term financial goals (e.g., forecasting, cash flow projections, operation and analysis plan used for board discussion).
- County reporting of financial data in Munis to the MPO is delayed, which causes multiple grant amendments (both grants we reviewed had over nine amendments/modifications).

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<sup>5</sup> Email entitled "MPO Research and Information Timeline" submitted by the MPO's then Executive Director on May 22, 2020.

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- Delay in County receiving reimbursement payments due to unbilled and rebilled invoices.

**We recommend** the OPP's Metropolitan Planning Administrator monitor the District's and MPO's collaboration of an actionable plan regarding:

- policies and procedures to comply with federal and state statutes. In particular, the MPO should develop policies and procedures that outline in detail a step-by-step process for developing an invoice package, including Quality Assurance/Quality Controls;
- MPO staff training for creating the reimbursement invoice that is in accordance with the MPO Handbook and 2 C.F.R. 200; and
- fiscal management by addressing the communication issues between the MPO and County. Specifically, we suggest the MPO and the County do the following:
  - conduct a comprehensive walkthrough with each branch to understand the entirety of the MPO and County's fiscal management process;
  - train the MPO staff on the Munis accounting system and allow the MPO access permissions to query reports to improve invoice workflow process; and
  - update the Interlocal Agreement between the MPO and Pasco County to include detailed language and descriptions of roles and responsibilities for branch departments and the MPO.

### **Observation 1 – Indirect Costs**

We observed the MPO is not receiving reimbursement for indirect costs. As described in detail in the Background of this report, the MPO Handbook provides three basic forms for an MPO to seek reimbursement of indirect costs: 1) indirect rate, 2) 10 percent De Minimis rate, and 3) direct billing of indirect costs. While the Pasco County MPO's fiscal year 2018-20 UPWP states it will direct bill for indirect costs, the MPO has neither budgeted nor requested reimbursement for indirect costs.

The MPO may not be currently aware that it has the authority to request reimbursement of indirect costs through direct billing. Turnover in staff and a lack of policies and procedures may have contributed to this lack of awareness.

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

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The **purpose** of this engagement was to determine if the Pasco County MPO was implementing Department financial management processes, in accordance with the MPO agreement and federal and state statutes.

The **scope** of this audit was Federal Highway Administration (FHWA) Planning (PL) funds of the MPO grants for fiscal years 2016-18 and 2018-20.

The **methodology** included a walkthrough of the MPO's invoicing process, as well as:

- Reviews of statutes, regulations, policies, and procedures:
  - Uniform Grant Guidance (2 C.F.R. 200); and
  - Federal and State statutes.
- Documentation reviews:
  - Department MPO Program Management Handbook
  - Interlocal Agreement for Staffing and Support Services by and between Pasco County and the Pasco County Metropolitan Planning Organization
  - Uniform Planning Work Program for Grants G0D08 (FY 2016-18) and Grant G0W73 (FY 2018-20)
  - Grants G0D08 and G0W73, UPWP amendments and modifications and invoices with supporting documentation for expenses billed to the Department;
  - MPO By-Laws;
  - Single Audit Reports for Pasco County for 2016, 2017, 2018, and 2019;
  - MPO fiscal year 2020 Budget;
  - Pasco County Chart of Accounts;
  - Pasco County Development Services Branch, Standard Operating Procedure BCC [Board of County Commissioners] Cash Handling Process;
  - Pasco County Travel Policy; and
  - Department MPO Agreements Indirect Method of Compensation.
- Interviews with staff members:
  - District Seven;
  - MPO Staff;
  - Pasco County Staff:
    - Development Services;
    - Internal Services;
    - Office of Management and Budget;
    - Clerk of Courts; and
    - Public Infrastructure.



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APPENDIX B – Affected Entity Response



**PASCO COUNTY**  
**METROPOLITAN PLANNING ORGANIZATION**  
8731 Citizens Drive • New Port Richey • Florida 34654  
Telephone: (727) 847-8140 Fax: (727) 847-8113  
E-mail: [www.pascompo.net](http://www.pascompo.net)

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January 15, 2021

Mr. Tim Crellin,  
Deputy Audit Director for Intermodal  
Florida Dept. of Transportation (FDOT)  
605 Suwannee Street, MS 44  
Tallahassee, FL 32399-0450

RE: Audit Report No. 20I-006

Dear Mr. Crellin,

The Pasco County Metropolitan Planning Organization (MPO) is in receipt of the OIG Affected Entity Draft (Report) dated December 16, 2020. The following comments are provided by the MPO in response to the request for comments on the Report. The MPO response is provided after each of the following summaries of Finding 1 and Observation 1 respectively.

**Finding 1 – Financial Management**

OIG recommendation:

The OPP's Metropolitan Planning Administrator:

- work with the District to ensure that the MPO develops policies and procedures to comply with federal and state statutes. In particular, the MPO should develop policies and procedures that outline in detail a step-by-step process for developing an invoice package, including Quality Assurance/Quality Controls;
- ensure the MPO staff receive training for creating the reimbursement invoice that is in accordance with the MPO Handbook and 2 C.F.R. 200; and
- work with the District to ensure the MPO and the County improve fiscal management by addressing communication issues. Specifically, we suggest the MPO and the County do the following:
  - o conducts a comprehensive walkthrough with each branch to understand the entirety of the MPO and County's fiscal management process;
  - o train the MPO staff on the Munis accounting system and allow the MPO access permissions to query reports to improve invoice workflow process; and
  - o updates the Interlocal Agreement between the MPO and Pasco County to include detailed language and descriptions of roles and responsibilities for branch departments and the MPO.

Pasco MPO Response:

Pasco MPO concurs with the recommendations and have taken the steps to create and develop policies and procedures that comply with local, state and federal statutes. Additionally, Pasco MPO has created succession and training plans to support the MPO staff and the dissemination of institutional knowledge. Furthermore, Pasco MPO

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has worked in concert with District 7 to follow the guidelines outlined in the MPO Handbook and the 2 C.F.R. 200. Subsequently, FDOT and OPP are in the process of creating a training for the MPO as it relates to the preparation procedures for invoices. Moving forward, Pasco MPO will ensure invoices will be submitted within the 90-day timeframe and all modifications/amendments will be denoted on the cover page of the UPWP and posted to the website upon approval of modifications/amendments. In addition, the Pasco MPO with Pasco County staff have reviewed the MPO fiscal management process in depth and are correcting or have already rectified billing and budget processes that were identified as part of the OIG audit findings. Pasco MPO staff has been trained and given appropriate access to the Munis accounting system, in order to improve the workflow processes that have hereto challenged MPO staff to complete work in a timely manner.

### Observation 1 – Indirect Costs

#### OIG Observation:

We observed the MPO is not receiving reimbursement for indirect costs. As described in detail in the Background of this report, the MPO Handbook provides three basic forms for an MPO to seek reimbursement of indirect costs: 1) indirect rate, 2) 10 percent De Minimis rate, and 3) direct billing of indirect costs. While the Pasco County MPO's fiscal year 2018-20 UPWP states it will direct bill for indirect costs, the MPO has neither budgeted nor requested reimbursement for indirect costs.

The MPO may not be currently aware that it has the authority to request reimbursement of indirect costs through direct billing. Turnover in staff and a lack of policies and procedures may have contributed to this lack of awareness.

#### Pasco MPO Response:

Currently, the MPO is directly billed by Pasco County for indirect costs. The Pasco County MPO UPWP Fiscal Years 2021-2022 section on Budget Allocation Methodology explicitly states that "the Pasco MPO does not have an indirect rate. It uses Direct Rate for all purchases" (pg. 15). At this time, the MPO and Pasco County are currently in discussions to correctly receive reimbursements per the MPO Handbook. The County is currently undergoing a study to determine direct/indirect costs via an update of the Maximus Report, which is expected at the end of calendar year 2021. As such, a discussion on the OIG Observation is timely and the MPO and County are working to correct the matter.

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**APPENDIX C – Management Response**

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On March 5, 2021, the OIG received the following response from Mark Reichert, Metropolitan Planning Administrator with the Office of Policy Planning:

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

**Corrective Action:** The Planning Staff in District Seven have already been working with the MPO on addressing the findings and recommendations in the Report. It was the District Staff who suggested that an Actionable Plan be developed to ensure milestones are set and achieved. The Administrator for Metropolitan Planning will work with the District Staff to ensure a Plan is developed and adhered to. Many of the issues plaguing the MPO are the result of constant turnover of key positions. One of which, the Executive Director, was recently filled. It is anticipated this recent hire will provide the stability the MPO needs to move forward. Besides monitoring the activities of the MPO on a regular basis, the District MPO Liaison to the Pasco County MPO will track progress towards meeting the milestones in the Plan during its annual Joint Certification Review.

**Estimated Completion Date:** Ongoing, but with significant completion of milestones by the 2021 Joint Certification Review due by June 1, 2022.

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**PROJECT TEAM**

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Engagement was conducted by:  
Andrea Sistrunk, Auditor-in-Charge  
Barbara Brown-Walton, Auditor  
Fernando Mojica, Auditor

Under the supervision of:  
Tim Crellin, Deputy Audit Director for Intermodal  
Joseph W. Gilboy, Director of Audit

Approved by:  
Kristofer B. Sullivan, Inspector General

**STATEMENT OF ACCORDANCE**

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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 provide independent and objective investigative and audit services that promote accountability, integrity, and efficiency within the Florida Department of Transportation and its partners.

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.

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**ATTACHMENT 1 – Invoice Internal Controls – Further Details for Finding 1**

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Criteria

2 C.F.R. 200.303 (a)-(d) Internal Controls – Non-Federal entity is responsible for:

- a) establishing and maintaining effective control over the Federal award to provide reasonable assurance of compliance
- b) comply with applicable Federal regulations & terms of award
- c) evaluate and monitor compliance
- d) take corrective action where necessary, particularly in response to audit findings

2 C.F.R. 200.305(b) Payment – Guidelines Non-Federal entities must follow to ensure timely payments.

2 C.F.R. 200.403 - 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."

MPO Handbook Section 3.13.1 Invoice – outlines the requirements of invoice packages.

- MPO Name and contact information, including address, phone, and fax number (a)
- District contact information (b)
- Invoice number, using the following format: FHWA-[Agreement Number]- [Invoice Number] (for example, FHWA-G001-01, FHWA-G001-02, etc.) (c)
- Invoice period (d)
- Contract number, including amendment number and modification number (e)
- Amount due by Financial Project Number (f)
- A listing of the tasks in the UPWP (g)
- The amount due by UPWP task and by fund type (h)
- The amount of FHWA funds due by UPWP task (i)
- The amount of previous payments of FHWA funds by UPWP task (j)
- The amount of FHWA funds budgeted by task in the UPWP (k)
- Column totals (l)
- The Request for Payment Certification, signed by an authorized MPO official, and reflecting the location of the supporting documentation for the invoice (m)

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Condition

Below are examples of noncompliance by grant using the above criteria:

FHWA-PL Grant G0D08 (fiscal years 2016 -18)<sup>6</sup>

MPO routinely submitted invoices to District Seven past the 90 days after the end of the reporting period. Table 3 shows six of the eight invoices for this grant were not submitted within 90 days. Invoices must be submitted to the district within 90 days after the end of the reporting period in accordance with the MPO Handbook, Section 3.13.1- Invoices.

**Table 3:** Grant G0D08 Number of days invoice submitted after reporting period.

Invoice No.	Invoice Period	Date received by District	Total days after reporting period ended
FHWA-G0D08-1	07/01/2016 - 09/30/2016	12/28/2016	89
FHWA-G0D08-2	10/01/2016 - 12/31/2016	04/17/2017	107
FHWA-G0D08-3	01/01/2017 - 03/31/2017	08/15/2017	137
FHWA-G0D08-4	04/01/2017 - 06/30/2017	11/02/2017	125
FHWA-G0D08-5	07/01/2017 - 09/30/2017	02/02/2018	125
FHWA-G0D08-6	10/01/2017 - 12/31/2017	03/29/2018	88
FHWA-G0D08-7	01/01/2018 - 03/31/2018	08/28/2018	150
FHWA-G0D08-8	04/01/2018 - 06/30/2018	10/30/2018	122

Source: Pasco County MPO invoices submitted to District Seven

Invoice Coversheet:

- Three of the eight invoice coversheets did not accurately capture the amendment/modification number that correlates with the billed invoice (Invoices 4, 5, and 6) submitted in accordance with the MPO Handbook Section 3.13.1(e).
- Invoices 3 and 4 had minor rounding errors in the task item totals (MPO Handbook Section 3.13.1(l)).
- Written strike through lines on invoices 6, 7, and 8 were not initialed or labeled as an error. The invoices also had balance discrepancies in tasks amounts and totals (MPO Handbook Section 3.13.1(f)(i)(j)(l)).
- Invoice 8 totals for remaining balance and tasks total ending balance are different amounts (\$358,645.22 and \$361,045.22); the end of year carry-over balance was rounded up and reported on board agenda as \$358,647.00 (MPO Handbook Section 3.13.1(j)(k)(l)).

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<sup>6</sup> Invoices for grant G0D08 were prepared and submitted by previous executive director and staff.

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Amendments/Modifications:

- There were thirteen amendments/modifications for this grant. Ten impacted the grant funding and three had no impact. (MPO Handbook Section 3.13.1(e)). Below are specific examples of issues with the modifications #12 and #13.
  - Modification #12 was not listed on the invoice coversheet.
  - In Modification #12, the MPO redirected existing funds from one task to another. The UPWP Revision Form for Modification #12 increased the Task 2.0 Staff Salaries & Fringe by \$5,000 in error; however, the invoice task amounts did not reflect the error. (MPO Handbook Section 3.13.1(h)(l)).
  - Modifications #12 (signed 10/25/2018) and #13 (signed 10/30/2018) were signed after the end of the 90 day close out process ending on September 30, 2018. However, the MPO executed a PL Agreement Extension that allowed them to close out the grant by October 31, 2018 (MPO Handbook Section 3.11- Close-Out of FHWA Funds, 3.12 UPWP Revisions, Sections 3.12.1, 3.12.2, and 3.12.3.)

FHWA - PL Grant G0W73 (fiscal years 2018-20)

Grant G0W73 included rebilled invoices 1- 4, when the audit was initiated only the original invoices from year 1 had been submitted to the District.

**Table 4:** Grant G0W73 Number of days invoice submitted after reporting period.

Invoice No.	Invoice period (as listed on invoice coversheet)	Date received by District	Total days after reporting period ended
FHWA-G0W73-1	07/01/2018 - 09/30/2018	12/18/2018	79
FHWA-G0W73-1*	07/01/2018 - 09/30/2018	05/22/2020	600
FHWA-G0W73-2	07/06/2018 -12/30/2018	03/27/2019	87
FHWA-G0W73-2*	10/01/2018 - 12/31/2018	05/22/2020	508
FHWA-G0W73-3	08/01/2018 - 03/31/2019	08/19/2019	141
FHWA-G0W73-3*	01/01/2019 - 03/31/2019	05/22/2020	418
FHWA-G0W73-4	04/01/2019 - 06/30/2019	11/02/2017	123
FHWA-G0W73-4*	04/01/2019 - 06/30/2019	05/22/2020	327
FHWA-G0W73-5	03/01/2019 - 09/30/2019	07/24/2020	298
FHWA-G0W73-6	09/12/2019 - 12/31/2019	09/21/2020	265
FHWA-G0W73-7	01/01/2020 - 03/31/2020	10/13/2020	196
FHWA-G0W73-8	04/01/2020 - 06/30/2020	10/20/2020	112

Source: Invoices submitted to District Seven

\* Invoices previously submitted were rebilled by current MPO staff.

The MPO invoices continue to be submitted to District Seven past the 90-day reporting period. Table 4 shows two of the four year 1 invoices were not submitted within 90 days.

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When the audit was initiated, no invoices had been submitted for Year 2. Since then, all four invoices for Year 2 have been submitted but beyond the 90-day reporting period.

A comprehensive analysis was conducted on Invoice FHWA-G0W73-4. Below are examples of noncompliance.

Invoice Coversheet:

- Invoice coversheets did not accurately capture the amendment number that correlates with the billing in accordance with MPO Handbook Section 3.13.1(e).
- Incorrect reporting period dates on the fourth quarter invoice task sheets; the sheets have the third quarter invoice number and reporting period dates (MPO Handbook Section 3.13.1(d)).
- An entry for 1<sup>st</sup> quarter chargebacks was incorrectly posted to the FTA grant. The adjusting journal entry created on April 9, 2019, was posted to invoice FHWA-G0W73-4 (2 C.F.R. 200.403).
- Narratives for the rebilled invoices do not provide details to explain or document the expenses determined to have discrepancies (2 C.F.R. 200.403).
- Travel expenses are not reported on the State of Florida travel voucher coversheet. The coversheet for the receipts is the Pasco County Travel Expense report (Contract G0W73).

Amendments/Modifications:

- As of July 2020, there were a total of nine amendments/modifications. Four impacted the grant funding and five had no impact (MPO Handbook Section 3.13.1(e)).
  - Modifications #3 and #5, and Amendment # 4 were not listed on the invoice coversheets for the rebilled invoices.
- The rebilled invoices 1 and 2 budgeted amounts did not reflect the budget numbers for the reporting period (July 2018) but used the budget amounts as of December 30, 2019, that included modifications #3 and #5 (MPO Handbook Section 3.13.1(k)).