



*Florida Department of Transportation*  
*Office of Inspector General*  
*Kristofer B. Sullivan, Inspector General*

Audit of District 7 Contract E7J46  
Report No. 24C-007

DocuSigned by:  
*Kristofer B. Sullivan*  
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March 31, 2026

## **What We Did**

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The Florida Department of Transportation's (Department) Office of Inspector General (OIG) conducted an audit of Contract E7J46 between Department District 7 and Archer Western-de Moya Joint Venture II (Contractor). The purpose of this audit was to evaluate management controls of the Department's processes and procedures related to Contract E7J46, Supplemental Agreement 28/Change Order 122, to ensure compliance with Florida Statutes and Department guidelines. This audit was conducted as part of the OIG's annual work plan for fiscal year 2023-24.

## **What We Concluded**

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**We determined** that District 7's management controls related to the Department's processes and procedures for Contract E7J46, Supplemental Agreement 28/Change Order 122 (SA 28), were in compliance with Florida Statutes, Department guidelines, and contractual obligations. Specifically, we determined:

- SA 28 was necessary, allowable, and properly approved.
- SA 28 pay item 102-14 (9,560 hours for Traffic Control Officers) was supported by monthly invoices, time logs, and Department Pay Estimates.
- SA 28 pay item 9999-3 (\$78,721.50 lump sum for Traffic Control Officer rate difference reimbursement) was supported by an invoice and a Department Pay Estimate.

## **What We Recommend**

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We have no recommendations at this time, as we determined District 7's management controls were in compliance with requirements.

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**BACKGROUND AND INTRODUCTION**

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The Florida Department of Transportation's (Department) Office of Inspector General (OIG) conducted an audit of Supplemental Agreement 28/Change Order 122 (SA 28) from Contract E7J46 between the Department and Archer Western-de Moya Joint Venture II (Contractor) as part of the fiscal year 2023-2024 annual work plan. This project was let under the authority of Chapter 337, Florida Statutes, under Financial Project Numbers 433880-1-52-01 and 424501-2-52-01, Contract E7J46. The total original contract amount was \$544,690,000 for 1,300 original contract calendar days. Contract E7J46 was executed on June 20, 2017, with an estimated completion date of March 12, 2021.

This Design-Build contract was to design and construct, or otherwise improve, the road(s), bridge(s), and building(s), described as: Gateway Expressway and I-275 from South of Gandy Boulevard to North of 4<sup>th</sup> Street North, in Pinellas County, District 7. Work on this project began on August 21, 2017, and Final Acceptance was completed on June 30, 2025.

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**RESULTS OF REVIEW**

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The objective for the engagement was to evaluate management controls of the Department's processes and procedures related to Contract E7J46, Supplemental Agreement 28/Change Order 122 to ensure compliance with requirements from Section 337.11(9)(b), Florida Statutes, and Section 7.3 of the Construction Project Administration Manual.

**Finding 1 - Supplemental Agreement Policies and Procedures**

**We determined** District 7's management controls related to the Department's processes and procedures for Contract E7J46, Supplemental Agreement 28/Change Order 122, complied with requirements from Section 337.11(9)(b), Florida Statutes, and Section 7.3, Construction Project Administration Manual.

We evaluated requirements selected from the following criteria regarding Supplemental Agreements:

- Section 337.11(9)(b), Florida Statutes
- Section 7.3 - Supplemental Agreements and Unilateral Payments, Construction Project Administration Manual (CPAM)
  - CPAM Section 7.3.5.4 - Quantity Overruns
  - CPAM Section 7.3.9 - Requesting Certification of Funds from the Department's Comptroller's Office
  - CPAM Section 7.3.10 - Obtaining Federal Highway Administration Approval and Participation for Construction Contract Changes on Federal Aid Projects
  - CPAM Section 7.3.11 – Documenting and Approving the Work
  - CPAM Section 7.3.13 - Executing and Processing Supplemental Agreement and Unilateral Payment Documents

We reviewed SA 28, totaling \$772,777, for necessity, allowability, and proper approval. This SA increased the unit price for pay item 102-14, Traffic Control Officer (TCO), from \$58.30 to \$72.60 per hour for 9,560 hours and provided a lump sum reimbursement for the rate difference incurred from July 25, 2023, through November 12, 2023.

We also reviewed Supplemental Agreement 2 (SA 2) because it established pay item 102-14 in response to the District Construction Engineers (DCE) Memorandum 06-18. The DCE Memo states:

If your contract already includes the pay item 102-14, Traffic Control Officer – per hour, the rate in your contract should be used to compensate the contractor for this new sixth condition. If your contract does not include this pay item, then add the item via Supplemental Agreement and use the statewide average rate for the period six months prior to the letting date of your contract.

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SA 2 approved 4,623 TCO hours at \$58.30 per hour, resulting in a \$269,520 increase to the contract. We verified pay item 102-14 was not in the original contract by reviewing the original Request for Proposal/Bid Proposal. The specific TCO pay item was not in the original contract because it is a Design-Build project.

We reviewed all Request for Funds Approvals (RFAs) which were used to obtain additional TCO funding. Between SA 2 and SA 28, seven RFAs totaled \$3,558,178. The hours in excess of those approved by SA 2 were treated as quantity overruns. The use of RFAs is allowable with the passage and signing into law of HB 1681 (2005), eliminating the requirement within Section 337.11(9)(b), Florida Statutes, for a Supplemental Agreement for major quantity differences resulting in the Contractor's work effort exceeding the original contract amount by more than five percent.

We reconciled authorized funding and hours to actual charges using 69 monthly estimates, time logs, and Department pay estimates documenting TCO hours and unit prices. Collectively, SA 2, SA 28, and seven RFAs approved 72,549 hours and \$4,521,755. We also performed a comparative analysis of authorized TCO hours against auditor-calculated hours.

As a result of our testing, we determined SA 28 was necessary, allowable, and properly approved. SA 28 pay item 102-14 (9,560 hours for Traffic Control Officers) was properly supported by monthly invoices, time logs, and Department Pay Estimates. SA 28 pay item 9999-3 (\$78,721 lump sum for Traffic Control Officer rate difference reimbursement) was properly supported by an invoice and a Department Pay Estimate.

We have no recommendations at this time, as we determined District 7's management controls were in compliance with requirements.

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

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The **purpose** of this engagement was to determine whether Contract E7J46, Supplemental Agreement 28/Change Order 122, complied with requirements from Section 337.11(9)(b), Florida Statutes, and Section 7.3, Construction Project Administration Manual.

The **scope** of this audit included contractual and regulatory compliance associated with District 7, Contract E7J46, Supplemental Agreement 28/Change Order 122. We noted Supplemental Agreement 28 pay items related to Traffic Control Officers were initiated by Supplemental Agreement 2. Therefore, we also reviewed and tested Supplemental Agreement 2 during Fieldwork.

The **methodology** included:

- reviewing applicable laws, rules, guidelines, and Department procedures;
- conducting a risk assessment to prioritize potential risks and develop targeting testing steps; and
- examining and testing management controls of the Department's processes to ensure contractual and regulatory compliance associated with Contract E7J46, Supplemental Agreement 28/Change Order 122.

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**APPENDIX B – Affected Entity Response**

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On March 6, 2026, Gateway CEI Team sent an email stating they do not have comments regarding the draft report.

On March 10, 2026, Archer Western-de Moya Group, Joint Venture II sent an email stating they do not have comments regarding the draft report.

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**APPENDIX C – Management Response**

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On March 23, 2026, the Office of Construction sent an email stating they do not have comments regarding the report.

On March 23, 2026, District Seven management sent an email stating they do not have comments regarding the report.

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**DISTRIBUTION**

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**Responsible Manager:**

Francis Lewis, District Seven Director of Transportation Operations  
Conrad Campbell, District Seven Construction Engineer  
Austin Petersen, District Seven Resident Engineer Administrator  
Andrew Williams, District Seven Construction Senior Project Manager

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Pam Ostensen, Chief Engineer for Gateway CEI

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**PROJECT TEAM**

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Engagement was conducted by:  
Natalie Hill, Auditor-in-Charge

Under the supervision of:  
Emma Valentin, Senior Audit Supervisor  
Ryan Moore, Deputy Audit Director for Contracts  
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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