



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

Osceola County Local Agency Program
Report No. 26I-001

DocuSigned by:

Kristofer B. Sullivan

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April 23, 2026

What We Did

The Florida Department of Transportation's (Department) Office of Inspector General conducted an audit of the Osceola County Local Agency Program's accounting policies and financial management procedures and processes. Additionally, we evaluated selected grant agreement G2M32 invoices and expenses for compliance with applicable federal regulations, Florida Statutes, and relevant Department policies and standard operating procedures. The scope of this audit was grant agreement G2M32 for Fiscal Years (FY) 2023 through 2026. This audit was conducted as part of the OIG's FY 2025-2026 Annual Audit Work Plan.

What We Concluded

We concluded the Department's Central Office and District Five provide effective governance over federal and state funds through oversight, risk management, performance management, and quality assurance processes, ensuring continued adherence to all applicable regulatory and policy frameworks. The results of our engagement provide a high level of assurance that the Osceola County Local Agency Program's internal controls are well designed and operate effectively.

We determined that Osceola County's written accounting policies and financial management procedures comply with applicable federal regulations, Florida Statutes, and relevant Department policies and standard operating procedures.

We determined the invoices for grant agreement G2M32 complied with contractual agreements and Department guidelines, invoiced allowable expenses, were properly supported by adequate documentation, and met applicable federal regulations and Florida Statutes.

We determined that the Department, both Central Office and District Five, provides effective governance over processes, including oversight and performance monitoring, in alignment with federal regulations, Florida Statutes, and Department regulations.

What We Recommend

We have no recommendations at this time, as we found the areas under review to be compliant with our audit objectives.

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BACKGROUND AND INTRODUCTION

LAP projects serve and strengthen the Florida Department of Transportation's (Department) mission through the delivery of transportation improvements in partnership with local public agencies across the state. They represent a vast array of transportation modes and are the primary delivery mechanism for local agency projects to develop, design, and construct transportation facilities with federal aid funds.

LAP requirements are outlined through a combination of federal and state laws (see additional criteria in Attachment 1). The LAP Manual, Topic No. 525-010-300, Sections 1.2, Authority, references subsections 20.23(4)(a) and 334.048(3), Florida Statutes (F.S.) (2024), which provide directives for the policies, rules, procedures, and standards necessary for the Department to function properly with accountability for all aspects of operations.

The Department's LAP reimburses local agencies for the planning, design, and construction of transportation facilities with Federal Aid Highway Program (FAHP) funds. FAHP funds are only available to local agencies that perform the required certification process, which evaluates whether the local agency has sufficient qualifications and ability to undertake and satisfactorily complete the work.

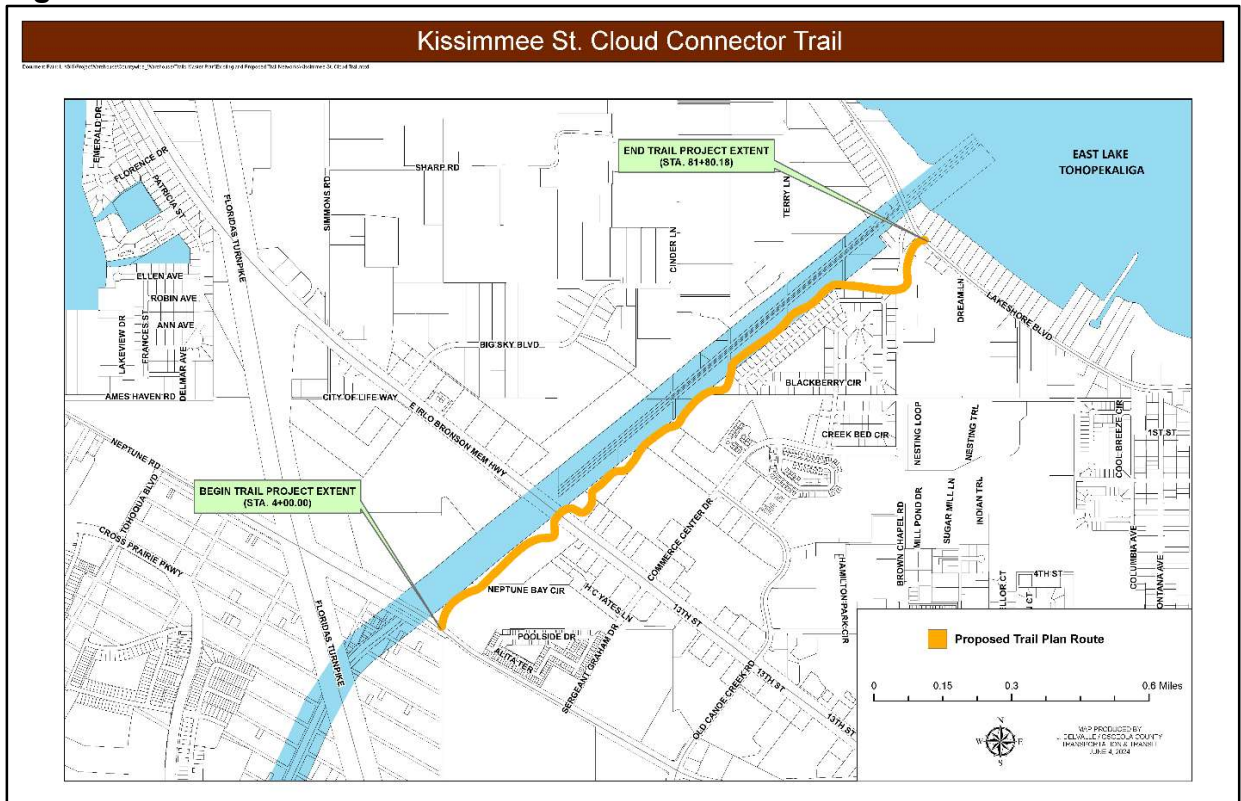
LAP is administered in each district by a Local Programs Administrator who provides project level support and oversight for the participating agencies. The Central Office Statewide Local Program Administrator, in turn, provides statewide program oversight, policy implementation, and guidance through the adaptation of program standards based on federal and state requirements, rules, laws, and statutes.

Osceola County receives federal aid funds through the Department for LAP Agreement G2M32 for the Kissimmee St. Cloud Trail along the C-31 Canal from Neptune Road to East Lake Shore project. This project is pictured in Figure 1.

The Department assigns a grant manager, who is responsible for oversight and provides technical support and financial guidance, to ensure compliance with federal regulations, state statutes, Department guidelines, and Agreements. The Agreement states the terms and conditions upon which Department funds will be provided and sets forth the way work deliverables will be undertaken and completed.

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Figure 1: Kissimmee-St. Cloud Connector Trail



Source: Osceola County's public website <https://one.osceola.org/kissimmeestcloudtrail>

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RESULTS OF REVIEW

We concluded the Department's Central Office and District Five provide effective governance over federal and state funds through oversight, risk management, performance management, and quality assurance processes, ensuring continued adherence to all applicable regulatory and policy frameworks. The results of our engagement provide a high level of assurance that the Osceola County Local Agency Program's internal controls are well designed and operate effectively.

We conducted an audit of the Osceola County Local Agency Program with the following objectives:

1. Determine if Osceola County's written accounting policies and financial management procedures comply with applicable federal regulations, Florida Statutes, and relevant Department policies and standard operating procedures.
2. Determine whether invoices for grant agreement G2M32 comply with Florida Statutes, contractual agreements, and Department guidelines, have invoiced expenses which are allowable, and are properly supported by adequate documentation.
3. Determine whether the Department provides effective governance over processes, including oversight and performance monitoring, in alignment with federal regulations, Florida Statutes, and Department regulations.

Finding 1 – Policies and Procedures Compliance

We determined that the Osceola County Local Agency Program's written accounting policies and financial management procedures comply with applicable federal regulations, Florida Statutes, and relevant Department policies and standard operating procedures.

The following criteria were used to determine Osceola County Local Agency Program's compliance with our audit objective:

- Title 2, Part 200, Code of Federal Regulations (C.F.R.) - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D–Post Federal Award Requirements, Section 303 (a-d) Internal Controls. (2025);
- 2 C.F.R. Subpart F–Audit Requirements, 200.501 (b) Audit requirements. (2025);
- Form FHWA-1273 (10/23/2023); and
- Local Agency Program Agreement G2M32, executed 06/29/2023.

The detailed criteria used for this finding can be found in Attachment 1.

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We reviewed the following financial and administrative documents provided by Osceola County to assess compliance.

The documents generally establish a framework for financial management, approval authorities, and outline payment and procurement procedures. Documents reviewed included:

- Osceola County Administrative Code, Chapter 3, Procurement Code;
- Osceola County Administrative Code, Chapter 4, Budget Code;
- Osceola County Administrative Code, Chapter 6, Finance Code;
- Osceola County Administrative Code, Chapter 7, Travel Code;
- County Manager Procedures, Disbursement Procedures;
- Osceola County Board of County Commissioners, Personnel Policies and Procedures, Effective: January 1, 2010, Update Effective May 3, 2022;
- Osceola County Clerk of the Circuit Court & County Comptroller, Comptroller's Office, Signature Authorization Form Guidelines and Instructions;
 - Signature Authorization Forms for FYs 2023 to 2026;
- Osceola County Organizational Chart, Effective Date: October 1, 2024;
- Osceola County, Transportation and Transit Services Organizational Chart, Effective Date: August 27, 2025;
- Job Description, Osceola County, Financial Services Coordinator, Financial Services Specialist, and Project Manager (Transportation & Transit);
- Osceola County – Annual Comprehensive Financial Report (Single Audit) for FYs 2022 to 2024;
- PS-22-12119-DG, Professional Service Agreement with DRMP, Construction Engineering and Inspection (CEI) Services;
- ITB-23-12120-DG, Standard Construction Agreement with Central Concrete Products Incorporated; and
 - Osceola County Contract Change Order No. 1, ITB-23-12120-DG.

We have no recommendations at this time, as we found this area to be compliant.

Finding 2 – Financial Management Controls

We determined the invoices for grant agreement G2M32 complied with contractual agreements and Department guidelines, invoiced allowable expenses, were properly supported by adequate documentation, and met applicable federal regulations and Florida Statutes.

The following criteria were used to determine Osceola County's compliance with our audit objective:

- 2 C.F.R. Subpart D–Post Federal Award Requirements, 200.302 (a) Financial management. (2025);

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- 2 C.F.R. Subpart E–Cost Principles, 200.405 (a) Allocable costs. (2025);
- 2 C.F.R. Subpart E–Cost Principles, 200.413 (a-c) Direct costs. (2025);
- Title 23, C.F.R., Chapter 1, Subchapter A-General Management and Administration, Part 1, Section 1.9 (a) Limitation on Federal participation. (2025);
- Subsection 215.971 (1)(d), Florida Statutes (F.S.) Agreements funded with federal or state assistance (2024);
- Florida Department of Financial Services, Reference Guide for State Expenditures (10/2022);
- Florida Department of Transportation, Disbursements Handbook for Employees and Managers (05/12/2025);
- Florida Department of Transportation, Local Agency Program Manual, Topic No. 525-010-300 (2022); and
- Grant Agreement G2M32, executed 06/29/2023.

The detailed criteria used for this finding can be found in Attachment 1.

We selected grant agreement G2M32 for the evaluation of compliance with financial management controls. Grant agreement G2M32, which totaled \$4,358,563, was awarded for the Kissimmee St. Cloud Trail along the C-31 Canal from Neptune Road to East Lake Shore project. Grant agreement G2M32 included 24 invoice packages, which contained four vendors and contractors, and their invoices related to grant agreement G2M32. We reviewed each invoice to confirm that it included all elements required by grant agreement G2M32: the invoice, a summary of project costs, invoice timeliness, supporting documentation, and verification of allowable and appropriate costs. We found no inconsistencies regarding the elements tested.

Additionally, we tested CEI payroll invoices in 13 of 24 invoice packages. We reviewed timesheets and payroll registers and compared these to their related invoices. We found no inconsistencies regarding the elements tested.

We have no recommendations at this time, as we found this area to be compliant.

Finding 3 – Governance Over State Local Program Processes: Oversight, Risk Management, Performance Monitoring, and Quality Assurance

We determined that the Department, both Central Office and District Five, provides effective governance over processes, including oversight and performance monitoring, in alignment with federal regulations, Florida Statutes, and Department regulations.

The following criteria were used to determine the Department’s compliance with our audit objective:

- 2 C.F.R. Subpart C–Pre-Federal Award Requirements and Contents of Federal Awards, 200.206 (b) Federal agency review of risk posed by applicants. (2025);

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- 2 C.F.R. Subpart D—Post Federal Award Requirements, 200.303 (a-d) Internal Controls. (2025);
- 2 C.F.R. Subpart D, 200.329 Monitoring and reporting program performance. (2025);
- 2 C.F.R. Subpart D, 200.332 (c), (e), and (f) Requirements for pass-through entities. (2025);
- Subsections 20.23 (3)(a), and (4)(c) F.S., Department of Transportation. (2024);
- Subsections 334.048 (3), and (4) F.S., Legislative intent with respect to department management accountability and monitoring systems. (2024);
- Subsection 339.28201 (2) F.S., Local Agency Program. (2024); and
- Florida Department of Transportation, Local Agency Program Manual, Topic No. 525-010-300 (2022).

The detailed criteria used for this finding can be found in Attachment 1.

We evaluated the effectiveness of both Central Office's and District Five's governance based on the following four factors:

- **Oversight**, such as organizational structure, defined roles, and reporting lines,
- **Risk Management**, such as identifying, assessing, and mitigating risk in alignment with Department practices,
- **Performance Monitoring**, such as ensuring outcomes and operations are tracked against performance measures (budget, project timeliness, and compliance); and
- **Quality Assurance**, such as periodic quality assurance and compliance reviews to ensure adherence to standards.

We identified applicable federal, state, and Department criteria for each of the factors outlined above. To support the Department's adherence to these criteria, we reviewed documents, including organizational charts, the program manual, risk assessments, certifications, and quality assurance reviews. We also reviewed the functionality and performance monitoring capabilities of the Power BI dashboards.

We identified that District Five did not complete performance evaluations as required by Section 7.6.1 of the Local Programs Manual during the audit period. However, before the audit concluded, the District Local Program Administrator (District 5) submitted a corrective action plan to the State Local Program Administrator (Central Office) to address this condition. We reviewed the plan, and it appears sufficient to address the identified risks and to establish procedures for completing the required performance evaluations. We could not test compliance with or assess the effectiveness of the corrective action plan since it was just initiated.

We have no recommendations at this time, as we found this area to be compliant.

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to:

- Determine if Osceola County’s written accounting policies and financial management procedures comply with applicable federal regulations, Florida Statutes, and relevant Department policies and standard operating procedures.
- Determine whether invoices for grant agreement G2M32 comply with Florida Statutes, contractual agreements, and Department guidelines, have invoiced expenses which are allowable, and are properly supported by adequate documentation.
- Determine whether the Department provides effective governance over processes, including oversight and performance monitoring, in alignment with federal regulations, Florida Statutes, and Department regulations.

The **scope** of this audit consisted of the grant agreement G2M32 with Osceola County for fiscal years (FYs) 2023-2026.

The **methodology** included:

- Reviews of federal regulations, Florida Statutes, and relevant Department policies and procedures.
- Documentation reviews:
 - Single audit reports for Osceola County FYs 2022-2024;
 - accounting policies and financial management procedures;
 - organizational structure, and job descriptions;
 - Grant Agreement G2M32, reimbursement invoices, associated records, supporting documentation, budget, and any associated amendments billed to District Five;
 - Osceola County vendor agreements and reports; and
 - Department governance documentation.
- Interviews with staff members:
 - Department District Five; and
 - Osceola County.

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APPENDIX B – Affected Entity Response

On March 5, 2026, Christina Colon, Executive Director of Transportation & Transit for Osceola County, responded to our report via email. She indicated that Osceola County had no comments to add to the report.

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APPENDIX C – Management Response

On April 1, 2026, Samantha Samford, State Local Program Administrator, responded to our report via email. She indicated that, since there were no findings, the Central Office Local Programs Office had no additional comments to add to the report.

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PROJECT TEAM

Engagement was conducted by:
Rebecca Stremcha, Auditor

Under the supervision of:
Nicholas Cooper, Senior Audit Supervisor
Barbara Brown-Walton, 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 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' *Global Internal Audit Standards*.

Please address inquiries regarding this report to the Department's Office of Inspector General at (850) 410-5800.

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ATTACHMENT 1 – Criteria

The following criteria were used for this engagement:

Title 2, Part 200, Code of Federal Regulations (C.F.R.) - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is a government-wide framework for federal grants management. 2 C.F.R. 200 is a common baseline (reference for compliance) for all Federal awards. The objectives of 2 C.F.R. 200 are to: strengthen oversight and requirements of internal controls over Federal funds; eliminate duplicative and conflicting guidance; and reduce the administrative burden for non-Federal entities receiving awards.

- **2 C.F.R. 200.206 (b) Federal agency review of risk posed by applicants. (2025):**
 - (b) Risk Assessment.
 - (1) The Federal agency must establish and maintain policies and procedures for conducting a risk assessment to evaluate the risks posed by applicants before issuing Federal awards. This assessment helps identify risks that may affect the advancement toward or the achievement of a project's goals and objectives. Risk assessments assist Federal managers in determining appropriate resources and time to devote to project oversight and monitor recipient progress. This assessment may incorporate elements such as the quality of the application, award amount, risk associated with the program, cybersecurity risks, fraud risks, and impacts on local jobs and the community. If the Federal agency determines that the Federal award will be made, specific conditions that address the assessed risk may be implemented in the Federal award. The risk criteria to be evaluated must be described in the announcement of the funding opportunity described in § 200.204.
 - (2) In evaluating risks posed by applicants, the Federal agency should consider the following items:
 - (i) Financial stability. The applicant's record of effectively managing financial risks, assets, and resources;
 - (ii) Management systems and standards. Quality of management systems and ability to meet the management standards prescribed in this part;
 - (iii) History of performance. The applicant's record of managing previous and current Federal awards, including compliance with reporting requirements and conformance to the terms and conditions of Federal awards, if applicable;
 - (iv) Audit reports and findings. Reports and findings from audits performed under subpart F or the reports and findings of any other available audits, if applicable; and
 - (v) Ability to effectively implement requirements. The applicant's ability to effectively implement statutory,

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regulatory, or other requirements imposed on recipients of Federal awards.

- **2 C.F.R. 200.302 (a) Financial management. (2025):**
 - (a) Each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's funds. All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. See § 200.450.
- **2 C.F.R. 200.303 (a-d) Internal controls. (2025):**
 - The recipient and subrecipient must:
 - (a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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).
 - (b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award.
 - (c) Evaluate and monitor the recipient's or subrecipient's compliance with statutes, regulations, and the terms and conditions of Federal awards.
 - (d) Take prompt action when instances of noncompliance are identified.
- **2 C.F.R. 200.329 Monitoring and reporting program performance. (2025):**
 - (a) Monitoring by the recipient and subrecipient. The recipient and subrecipient are responsible for the oversight of the Federal award. The recipient and subrecipient must monitor their activities under Federal awards to ensure they are compliant with all requirements and meeting performance expectations. Monitoring by the recipient and subrecipient must cover each program, function, or activity. See also § 200.332.
 - (b) Reporting program performance. The Federal agency must use OMB-approved common information collections (for example, Research Performance Progress Reports) when requesting performance reporting information. The Federal agency or pass-through entity may not collect performance reports more frequently than quarterly unless a specific condition has been implemented in accordance with § 200.208. To the extent practicable, the Federal agency or pass-through entity should align the due dates of performance reports and financial reports. When

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reporting program performance, the recipient or subrecipient must relate financial data and project or program accomplishments to the performance goals and objectives of the Federal award. Also, the recipient or subrecipient must provide cost information to demonstrate cost-effective practices (for example, through unit cost data) when required by the terms and conditions of the Federal award. In some instances (for example, discretionary research awards), this may be limited to the requirement to submit technical performance reports. Reporting requirements must clearly indicate a standard against which the recipient's or subrecipient's performance can be measured. Reporting requirements should not solicit information from the recipient or subrecipient that is not necessary for the effective monitoring or evaluation of the Federal award. Federal agencies should consult monitoring framework documents such as the agency's Evaluation Plan to make that determination. As noted in OMB Circular A-11, Part 6, Section 280, measures of customer experience are of co-equal importance as traditional measures of financial and operational performance.

- (c) Submitting performance reports.
 - (1) The recipient or subrecipient must submit performance reports as required by the Federal award. Intervals must be no less frequent than annually nor more frequent than quarterly except if specific conditions are applied (See § 200.208). Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. Alternatively, the Federal agency or pass-through entity may require annual reports before the anniversary dates of multiple-year Federal awards. The final performance report submitted by the recipient must be due no later than 120 calendar days after the period of performance. A subrecipient must submit a final performance report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance. See also § 200.344. The Federal agency or pass-through entity may extend the due date for any performance report with justification from the recipient or subrecipient.
 - (2) As applicable, performance reports should contain information on the following:
 - (i) A comparison of accomplishments to the objectives of the Federal award established for the reporting period (for example, comparing costs to units of accomplishment). Where performance trend data and analysis would be informative to the Federal agency program, the Federal agency should include this as a performance reporting requirement.

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- (ii) Explanations on why established goals or objectives were not met; and
 - (iii) Additional information, analysis, and explanation of cost overruns or higher-than-expected unit costs.
 - (d) Construction performance reports. Federal agencies or pass-through entities rely on on-site technical inspections and certified percentage of completion data to monitor progress under Federal awards for construction. Therefore, the Federal agency or pass-through entity may require additional performance reports when necessary to ensure the goals and objectives of Federal awards are met.
 - (e) Significant developments. When a significant development that could impact the Federal award occurs between performance reporting due dates, the recipient or subrecipient must notify the Federal agency or pass-through entity. Significant developments include events that enable meeting milestones and objectives sooner or at less cost than anticipated or that produce different beneficial results than originally planned. Significant developments also include problems, delays, or adverse conditions which will impact the recipient's or subrecipient's ability to meet milestones or the objectives of the Federal award. When significant developments occur that negatively impact the Federal Award, the recipient or subrecipient must include information on their plan for corrective action and any assistance needed to resolve the situation.
 - (f) Site visits. The Federal agency or pass-through entity may conduct in-person or virtual site visits as warranted.
 - (g) Performance report requirement waiver. The Federal agency may waive any performance report that is not necessary to ensure the goals and objectives of the Federal award are being achieved.
- **2 C.F.R. 200.332 (c), (e), and (f) Requirements for pass-through entities. (2025):**
 - (c) Evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient's risk, a pass-through entity should consider the following:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F and the extent to which the same or similar subawards have been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).
 - (e) Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms

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and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a pass-through entity must:

- (1) Review financial and performance reports.
 - (2) Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation.
 - (3) Issue a management decision for audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
 - (4) Resolve audit findings specifically related to the subaward. However, the pass-through entity is not responsible for resolving cross-cutting audit findings that apply to the subaward and other Federal awards or subawards. If a subrecipient has a current Single Audit report and has not been excluded from receiving Federal funding (meaning, has not been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant agency for audit or oversight agency for audit to perform audit follow-up and make management decisions related to cross-cutting audit findings in accordance with section § 200.513(a)(4)(viii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
- (f) Depending upon the pass-through entity's assessment of the risk posed by the subrecipient (as described in paragraph (c) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
- (1) Providing subrecipients with training and technical assistance on program-related matters;
 - (2) Performing site visits to review the subrecipient's program operations; and
 - (3) Arranging for agreed-upon-procedures engagements as described in § 200.425.

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- **2 C.F.R. 200.405 (a) Allocable costs. (2025):**
 - (a) Allocable costs in general. A cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. This standard is met if the cost satisfies any of the following criteria:
 - (1) Is incurred specifically for the Federal award;
 - (2) Benefits both the Federal award and other work of the recipient or subrecipient and can be distributed in proportions that may be approximated using reasonable methods; or
 - (3) Is necessary to the overall operation of the recipient or subrecipient and is assignable in part to the Federal award in accordance with these cost principles.
- **2 C.F.R. 200.413 (a-c) Direct costs. (2025):**
 - (a) General. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs. See § 200.405.
 - (b) Application to Federal awards. The association of costs with a Federal award determines whether costs are direct or indirect. Costs charged directly to a Federal award are typically incurred specifically for that Federal award (including, for example, supplies needed to achieve the award's objectives and the proportion of employee compensation and fringe benefits expended in relation to that specific award). Costs that otherwise would be treated as indirect costs may also be considered direct costs if they are directly related to a specific award (including, for example, extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities, cybersecurity, integrated data systems, asset management systems, performance management costs, program evaluation costs, or other institutional service operations).
 - (c) Administrative and clerical staff salaries. Administrative and clerical staff salaries should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if they meet all of the following conditions:
 - (1) The administrative or clerical services are integral to a Federal award;
 - (2) Individuals involved can be specifically identified with a Federal award; and
 - (3) The costs are not also recovered as indirect costs.
- **2 C.F.R. 200.501 (b) Audit requirements. (2025):**
 - (b) Single audit. A non-Federal entity that expends \$1,000,000 or more in Federal awards during the non-Federal entity's fiscal year must have a single audit conducted in accordance with § 200.514 except when it elects to have a program-specific audit conducted in accordance with paragraph (c) or (d) of this section.

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23 C.F.R. 1.9 (a) Limitation on Federal participation. (2025):

(a) Federal-aid funds shall not participate in any cost which is not incurred in conformity with applicable Federal and State law, the regulations in this title, and policies and procedures prescribed by the Administrator. Federal funds shall not be paid on account of any cost incurred prior to authorization by the Administrator to the State highway department to proceed with the project or part thereof involving such cost.

Form FHWA-1273 (10/23/2023): Form FHWA-1273 must be physically incorporated in each construction contract funded under title 23, United States Code, as required in 23 C.F.R. 633.102(b) (excluding emergency contracts solely intended for debris removal).

Subsections 20.23(3)(a), and (4)(c) Florida Statutes, (F.S.) Department of Transportation (2024): There is created a Department of Transportation which shall be a decentralized agency.

(3)(a) The central office shall establish departmental policies, rules, procedures, and standards and shall monitor the implementation of such policies, rules, procedures, and standards in order to ensure uniform compliance and quality performance by the districts and central office units that implement transportation programs. Major transportation policy initiatives or revisions shall be submitted to the commission for review.

(4)(c) Within each district, offices shall be established for managing major functional responsibilities of the department. The heads of these offices shall be exempt from part II of chapter 110.

Subsection 215.971 (1)(d), F.S., Agreements funded with federal or state assistance (2024):

(1) An agency agreement that provides state financial assistance to a recipient or subrecipient, as those terms are defined in s. 215.97, or that provides federal financial assistance to a subrecipient, as defined by applicable United States Office of Management and Budget circulars, must include all of the following:

(d) A provision specifying that a recipient or subrecipient of federal or state financial assistance may expend funds only for allowable costs resulting from obligations incurred during the specified agreement period.

Subsections 334.048 (3), and (4), F.S., Legislative intent with respect to department management accountability and monitoring systems (2024): The department shall implement the following accountability and monitoring systems to evaluate whether the department's goals are being accomplished efficiently and cost-effectively, and ensure compliance with all laws, rules, policies, and procedures related to the department's operations:

(3) The central office shall adopt policies, rules, procedures, and standards which are necessary for the department to function properly, including establishing accountability for all aspects of the department's operations.

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(4) The central office shall monitor the districts and central office units that provide transportation programs to assess performance; determine compliance with all applicable laws, rules, and procedures; and provide useful information for department managers to take corrective action when necessary.

Subsection 339.28201 (2) F.S., Local Agency Program. (2024):

(2) The department is responsible for oversight of funded projects on behalf of the Federal Highway Administration. The department shall update the project cost estimate in the year the project is granted to the local agency and shall include a contingency amount as part of the project cost estimate.

Florida Department of Financial Services, Reference Guide for State Expenditures (10/2022): Provide state agencies guidance regarding the requirements applicable to the disbursement of funds from the State Treasury.

Florida Department of Transportation, Disbursements Handbook for Employees and Managers (05/12/2025): To provide guidance and information required for state disbursement, on the Department's management of Standard Operating Procedures (SOP).

Florida Department of Transportation, Local Agency Program Manual, Topic No. 525-010-300 (2022): Establishes consistent and uniform practices for authorizing other Local Agencies to use federal-aid funds provided through the Florida Department of Transportation (Department) for project planning, project development, design, right of way relocation, acquisition, and construction.

Local Agency Program Agreement G2M32, executed 06/29/2023: This Local Agency Program Agreement ("Agreement"), is entered into on 06/29/2023, by and between the State of Florida Department of Transportation, an agency of the State of Florida ("Department"), and Osceola County ("Recipient").

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