



# Florida Department of TRANSPORTATION

## Office of Inspector General Kristofer B. Sullivan, Inspector General

DocuSigned by:

*Joseph W. Gilboy*

For Kristofer B. Sullivan

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Audit Report No. 22C-006-A  
Value Pricing Pilot Program Financial Review

September 27, 2022

### What We Did

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At the request of Florida Department of Transportation's (Department) Office of the Comptroller, the Office of Inspector General conducted an independent audit of Department owned toll facility records to verify financial compliance with requirements concerning the limitations on use of revenues as outlined in Section 1012(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), Public Law 102-240, as amended,<sup>1</sup> which establishes the Value Pricing Pilot Program (VPPP).

The scope of the audit was the two toll facilities owned by the Department subject to the financial audit requirements of the VPPP for the period July 1, 2021, to June 30, 2022. The VPPP requirement to verify adequate maintenance of the toll facilities is being conducted by the Department's Office of Maintenance for Fiscal Year 2022 and is outside the scope of this audit.

### What We Found

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**We determined** the Department's use of toll revenues complied in all material respects with limitations set forth in the VPPP. Of the 22,080 transactions for the two facilities, we reviewed all 60 transactions greater than \$250,000, and their accounting system object code, description, vendor, and associated toll facility. These transactions represented \$43,551,465 of the total \$85,973,951, or 51 percent. Of the 60 transactions, we tested the supporting documentation for a judgmental sample of three transactions totaling \$7,813,643 of the total \$43,551,465, or 18 percent.

We also tested the supporting documentation for a statistical sample of 145 transactions totaling \$5,965,993 whose amounts were between \$500 and \$250,000.

### What We Recommend

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This report does not contain any recommendations as the results of the audit found the transactions were compliant with the applicable VPPP governing requirements.

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<sup>1</sup> As amended by Section 1216(a) of the Transportation Equity Act of the 21<sup>st</sup> Century (TEA-21), and Section 1604(a) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Pub. L. 109-59 (August 10, 2005).

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**BACKGROUND AND INTRODUCTION**

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At the request of Florida Department of Transportation's (Department) Office of the Comptroller, the Office of Inspector General conducted an independent audit of Department owned toll facility records to verify financial compliance with requirements concerning the limitations on use of revenues as outlined in Section 1012(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), Public Law 102-240, as amended,<sup>2</sup> which establishes the Value Pricing Pilot Program (VPPP).

The scope of the audit was the two toll facilities owned by the Department subject to the financial audit requirements of the VPPP for the period July 1, 2021, to June 30, 2022. The VPPP requirement to verify adequate maintenance of the toll facilities is being conducted by the FDOT Office of Maintenance for Fiscal Year 2022 and is outside the scope of this audit.

The compliance requirements for Department owned toll facilities subject to VPPP are outlined in Section 2 of the VPPP Memorandums of Understanding (MOU) between FHWA and the Department:

- (2) Section 1012(b) of the ISTEA, as amended, FDOT will use all revenues received from the operation of the Facility for the operating costs of the project (including project implementation; mitigation measures to deal with adverse financial effects on low-income drivers; the proper maintenance of the facility; any reconstruction, rehabilitation, restoration, or resurfacing of the facility; any debt service incurred in implementing the project; reasonable return on investment of any private person financing the project). There is not a priority in the uses of the project operating costs and any revenues in excess of these costs may be used by FDOT for other projects eligible for assistance under Title 23, United States Code.

Additionally, Section 4 of the VPPP MOUs state:

- (4) That FDOT agrees, upon reasonable notice, to make all of its records pertaining to the Facility subject to audit by the FHWA. The FDOT agrees to annually audit the records of the Facility subject to audit by the FHWA. The FDOT agrees to annually audit the records of the Facility for compliance with the provisions of this Agreement and report the results thereof to FHWA. In lieu of the FDOT performing said audit, a report of the State Auditor or an independent auditor furnished to FHWA may satisfy the requirement of this section.

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<sup>2</sup>As amended by Section 1216(a) of the Transportation Equity Act of the 21<sup>st</sup> Century (TEA-21), and Section 1604(a) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Pub. L. 109-59 (August 10, 2005).

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The following Department owned toll facilities<sup>3</sup> and associated records are subject to the financial and maintenance audit requirements of the VPPP:

1. I-95 Express Lanes
2. State Road 826 Palmetto Expressway

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<sup>3</sup> The Project Finance Office provided a list of the Department owned toll facilities that was verified with information from FHWA, Office of Highway Policy Information.  
[www.fhwa.dot.gov/policyinformation/tollpage/](http://www.fhwa.dot.gov/policyinformation/tollpage/)

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**RESULTS OF REVIEW**

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The OIG reviewed the Department's current processes to ensure that the use of toll facility revenues comply with VPPP. We found the governance of toll facility expenditures were outlined in a September 23, 2020, memorandum from the Department's Comptroller<sup>4</sup> to the Federal Highway Administration (FHWA). The memorandum states in part:

FDOT has a process whereby prior to obligating, the use of those revenues are requested by the district, reviewed for compliance by the Federal Aid Office, reviewed for financial soundness by the Office of Comptroller and Office of Work Program and Budget, and approved/disapproved by the Assistant Secretary of Finance and Administration.

Upon OIG inquiry, the Project Finance Office confirmed this process was in use for Fiscal Year 2021-22.

The Office of Comptroller's General Accounting Office provided toll facility expenditure records for the period July 1, 2020, to June 30, 2021. The expenditure population for the two facilities was 22,080 transactions totaling \$85,973,951. See Figure 1.

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<sup>4</sup> Robin M. Naitove, CPA

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Figure 1: Summary of Toll Facility Expenditures

<b>Value Pricing Pilot Program Toll Facilities Summary of Expenditure Transactions July 1, 2021 to June 30, 2022</b>		
<b>Toll Facility</b>	<b>Transaction Count</b>	<b>Dollars</b>
I-95 Express Lanes	11,179	\$ 81,762,316
SR 826 Palmetto Expressway	10,901	\$ 4,211,635
Totals	22,080	\$ 85,973,951

Source: OIG Prepared Schedule

Of the 22,080 transactions for the two facilities, we reviewed all 60 transactions greater than \$250,000, and their accounting system object code, description, vendor, and associated toll facility. These transactions represented \$43,551,465 of the total \$85,973,951, or 51 percent. Of the 60 transactions, we tested the supporting documentation for a judgmental sample of three transactions totaling \$7,813,643 of the total \$43,551,465, or 18 percent.

We also tested the supporting documentation for a statistical sample of 145 transactions totaling \$5,965,993 whose amounts were between \$500 and \$250,000. The sampling of transactions to support the determination followed acceptable auditing practices associated with the scope.

As a result of the review, **we determined** the Department's use of toll revenues complied in all material respects with limitations set forth in the VPPP governing requirements.

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

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The **purpose** of this engagement was to determine if the Department complied with VPPP.

The **scope** of this audit includes the expenditures assigned to the Department toll facilities subject to the financial audit requirements of the VPPP for the period of July 1, 2021, to June 30, 2022.

The **methodology** included:

- verifying the Department owned toll facilities subject to VPPP governance with the Project Finance Office;
- reviewing applicable laws, statutes, and Department Memorandum of Understandings with Federal Highway Administration; and
- examining and testing transactions for VPPP compliance.

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**APPENDIX B – Management Response**

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On September 22, 2022, the Florida Department of Transportation’s Office of the Comptroller sent an email stating they did not have an official response for the report.

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**PROJECT TEAM**

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Engagement was conducted by:  
Fernando Mojica, Auditor  
Corbitt Lyons, Staff Auditor

Under the supervision of:  
Ryan Moore, Senior Audit Supervisor  
Bill Pace, 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.