



# OFFICE OF INSPECTOR GENERAL FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift  
Inspector General

District Seven Contract Modification Examination  
Contract No. T7202  
Attestation Report No. 12C-1003

August 27, 2012

## EXECUTIVE SUMMARY

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The Office of Inspector General (OIG) conducted an examination of Supplemental Agreement (SA) Nos. 5 and 6 to Contract T7202 between the Florida Department of Transportation (department) and Sema Construction Inc. (Sema). Contract T7202 is a construction contract with Sema covering 2.335 miles of roadway in District Seven from south of the Interstate 75/275 interchange in Hillsborough County to south of State Road 56 in Pasco County. We conducted the examination as part of the OIG's annual audit plan.

This examination focused on the two largest dollar SAs (Nos. 5 and 6). SA No. 5 was entered into on March 17, 2011 at a projected cost of \$539,525. The purpose of this SA was to repair a damaged pond liner in order to create a fully functional system at Stormwater Management Facility (SMF) No. 1. SA No. 6 was entered into on April 21, 2011, at a projected cost of \$785,313. The intent of this SA was to complete construction of a sump at SMF Facility J-2.

Our review of SA Nos. 5 and 6 indicated the department received fair and equitable value for the work performed. The costs incurred were adequately supported and the contract changes were in compliance with department policies and procedures and state regulations.

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## **RESULTS OF EXAMINATION**

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Contract T7202 was selected for examination based on a risk assessment process performed by the OIG. Contract T7202 met the following two risk criteria: total dollars added to the contract, \$1,683,513 and a total percentage increase in the contract amount of 5.6% resulting from the SAs.

Contract T7202 was executed on September 3, 2009, between Sema and the department. Contract T7202 is a construction contract covering 2.335 miles of roadway in District Seven from south of the Interstate 75/275 interchange in Hillsborough County to south of State Road 56 in Pasco County. The purpose of the contract was to construct new northbound exit ramps at the Interstate 75/275 interchange in Hillsborough County. Other improvements included widening and resurfacing, reconstruction, and upgrading roadway, structures, drainage, pavement markings and lighting. Sema began work on Contract T7202 in October 2009. The work is scheduled to be completed in August 2012.

The original contract was for \$29,844,444 and 950 days. There were seven SAs and two contingency SAs to the original contract. The total dollar amount of the SAs was \$2,206,339. A value engineering change proposal (VECP) reduced the \$2,206,339 amount by \$522,826. Total contract changes to date are \$1,683,513, which represents 5.6% of the original contract amount.

SA No. 5 added \$539,525.08 and zero days to Contract T7202. This SA was undertaken to repair a damaged pond liner in order to create a fully functional system at SMF No. 1. Work on SA No. 5 began in March 2011 and ended in April 2011. SA No. 6 added \$785,313.44 and zero days to the contract. This SA was initiated to complete construction of a sump at SMF Facility J-2. Work on SA No. 6 started in April 2011 and concluded in September 2011.

District Seven received fair and equitable value for the work performed for SA Nos. 5 and 6. We determined the costs associated with the SAs were supported by adequate documentation and were in compliance with department policies and state regulations.

## **APPENDIX A – INDEPENDENT ACCOUNTANT’S REPORT**

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We examined costs related to SA Nos. 5 and 6 for the period of March 17, 2011 through April 30, 2012, based on applicable criteria noted in Appendix B. District Seven management is responsible for monitoring the changes to Contract T7202. Our responsibility is to express an opinion based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to Attestation Engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Accordingly, this engagement included examining, on a test basis, evidence supporting the districts compliance with department procedures and performing other procedures as we considered necessary. We believe our examination provides a reasonable basis for our opinion.

In our opinion, the two SAs selected for examination presented, in all material respects, allowable amounts due for the period of March 17, 2011 through April 30, 2012, in conformity with the terms of the contract.

## **APPENDIX B – PURPOSE, SCOPE AND METHODOLOGY**

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Sections 20.055 and 20.23, Florida Statutes, require the OIG to conduct audits, examinations, investigations and management reviews related to programs and operations of the department. This examination was performed as part of the OIG's mission to promote integrity, accountability and process improvement in the department by providing objective fact-based assessments.

The **purpose** of this examination was to determine whether there was sufficient documentation to support the fair and equitable value of the work performed and to assess compliance with applicable regulations, as well as department policies and procedures.

The **scope** of our examination consisted of examining documentation relative to Contract T7202 and SA Nos. 5 and 6 from March 17, 2011 through April 30, 2012.

Our **methodology** included:

- reviewing requirements found in applicable Florida Statutes and department publications;
- examining and testing supporting documentation and management controls, including the Supplemental Agreements, Engineer's Estimates, Entitlement Analyses and other documents used to support contract modifications; and
- interviewing appropriate staff.

## APPENDIX C – Management Response

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**From:** McKishnie, Brian M  
**Sent:** Wednesday, August 22, 2012 3:19 PM  
**To:** Pearson, Richard  
**Cc:** O'Connell, Susan; Carter, Donte; Cavallaro, Gerald A; Stanford, Patrick; Moulton, Jim; Campbell, Conrad C.  
**Subject:** FW: OIG Assignment 12C-1003, Contract Modification Examination - T7202 - Preliminary & Tentative Report  
**Importance:** High

Mr. Pearson,

We appreciate the professional and courteous review by the OIG and have no further comments.

Thank You.

Brian McKishnie  
District Construction Engineer  
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## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **Action Official Distribution:**

Donald J. Skelton, P.E., District Seven Secretary

### **Information Distribution:**

Ananth Prasad, P.E., Secretary of Transportation

Francis Gibbs, Chief of Staff

Brian Peters, Assistant Secretary, Finance and Administration

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Brian Blanchard, Assistant Secretary, Engineering and Operations

David Sadler, Director, Office of Construction

District Seven:

Jim Moulton, District Seven Director of Transportation Operations

Brian McKishnie, District Seven Construction Engineer

Patrick Stanford, District Seven Resident Engineer

Gerald Cavallaro, District Seven Construction Project Manager

Johnny Cummings, District Seven Final Estimates Unit Manager

Joy Christiano, Senior Project Engineer, Keystone Civil

Chris Richter, Director of Engineering and Operations, Federal Highway Administration

### **Project Team:**

Engagement was conducted by Richard Pearson, Auditor in Charge

Donte' Carter, Auditor

Under the supervision of:

Susan O'Connell, Audit Manager

Approved by: Robert E. Clift, Inspector General

### **Statement of Accordance**

*The mission of the department 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 mission of the Office of Inspector General is to promote integrity, accountability and process improvement in the Department of Transportation by providing objective fact-based assessments to the DOT team.*

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General and the American Institute of Certified Public Accountants and standards contained in Government Auditing Standards issued by the Comptroller General of the United States.

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