



# OFFICE OF INSPECTOR GENERAL

## FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift  
Inspector General

February 22, 2013

Subgrant Agreement APP75 between the department  
Safety Office and Tallahassee Community College  
Attestation Report No. 12I-9003

### EXECUTIVE SUMMARY

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The Office of Inspector General (OIG) conducted an examination of subgrant agreement (agreement) APP75 between the Florida Department of Transportation (department) Safety Office (Safety Office) and Tallahassee Community College, Florida Public Safety Institute (TCC). The purpose of the agreement was to provide financial assistance for a media campaign to educate attendees at professional sporting events across the state of the dangers of alcohol-impaired driving. The purpose of the examination was to determine whether the Safety Office provided adequate oversight and monitoring to ensure compliance with agreement APP75 and applicable governing authorities. The purpose of the examination also included determining whether TCC complied with the terms of agreement APP75. We conducted the examination as part of the OIG's annual work plan.

The total estimated cost of the project was \$1,700,000. The total amount requested for reimbursement and paid by the department was \$1,550,124. In our opinion, TCC's billings for agreement APP75 for the period October 16, 2009 through September 30, 2010, did not conform with the terms of the agreement.

Based upon examination of project records maintained by the Safety Office and TCC, we determined the following instances of noncompliance:

- the Safety Office project manager did not adequately monitor subgrantee activities to ensure compliance with agreement APP75; and
- TCC did not maintain accounting documentation as required by agreement APP75 in accordance with Title 49, Part 19, Code of Federal Regulations (C.F.R.) - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

We recommend the Safety Office implement grant management procedures to include criteria and requirements for adequate documentation supporting vendor invoices submitted for reimbursement and during-the-award monitoring procedures including documented telephone calls and status checks, site visits and review of invoices submitted for reimbursement to verify receipt of services from vendors. Additionally, we recommend Safety Office project managers ensure future subgrantees comply with all requirements of agreement terms.

Safety Office management concurred with the findings and has initiated corrective action. New monitoring procedures encompassing all recommendations were implemented by the Safety Office on July 1, 2012.

**TABLE OF CONTENTS**

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<b><u>RESULTS OF EXAMINATION</u></b>	3
Finding 1 – Safety Office During-the-Award Monitoring	4
Finding 2 – TCC Compliance with Agreement APP75	5
<b><u>APPENDIX</u></b>	
A. Independent Accountant’s Report	7
B. Purpose, Scope and Methodology	8
C. TCC Response	9
D. Safety Office Response	10
<b><u>DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE</u></b>	11

## **RESULTS OF EXAMINATION**

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The department receives incentive grant funding from the National Highway Traffic Safety Administration (NHTSA) to implement and enforce various traffic safety campaigns and the Safety Office administers these funds. The Alcohol-impaired Driving Countermeasures program is one such NHTSA program encouraging drivers not to operate vehicles while under the influence of alcohol.

The Safety Office approved TCC's application for highway safety funding and originally awarded \$1,100,000. The Safety Office approved a subsequent amendment and the award increased to \$1,700,000. The purpose of the agreement was to provide financial assistance for a media campaign to educate attendees at professional sporting events across the state of the dangers of alcohol-impaired driving. To accomplish the objectives of the agreement, TCC executed subcontract agreements with seven vendors, including the Florida Marlins, Miami Heat, Tampa Bay Rays, Tampa Bay Arena, Ltd., Orlando Magic, Ltd., Florida Panthers Hockey Club, Ltd. and Homestead-Miami Speedway, LLC. Total expenditures of \$1,550,124 were reimbursed to TCC who retained \$114,824 for indirect costs. The remaining \$1,435,300 was paid by TCC to vendors for contracted services.

During our examination, we reviewed a sample of 15 invoices submitted by TCC for reimbursement. The sample included three invoices from each of the five vendors used by TCC for this project. The sample represented costs totaling \$758,786, or 49%, of the total reimbursement amount of \$1,550,124.

During our examination of agreement APP75, we noted two findings concerning during-the-award monitoring and compliance with agreement terms. Below, we have further detailed each finding.

## Finding 1 – Safety Office During-the-Award Monitoring

<b>Objective</b>	Determine if the Safety Office provided adequate during-the-award monitoring.
<b>Conclusion</b>	The Safety Office did not perform adequate during-the-award monitoring of agreement APP75.
<b>Condition (Supporting Evidence)</b>	Project files maintained by the Safety Office did not contain appropriate information, such as documented on-site visits or status checks, to verify during-the-award monitoring was conducted. Records maintained by TCC were deficient and did not contain adequate supporting documentation as required by the agreement.
<b>Criteria</b>	Agreement APP75 provides the following provisions: <ul style="list-style-type: none"><li>• Part V.13 – monitoring procedures will include on-site visits by department staff, limited scope audits and status checks of subgrant activity via telephone calls; and</li><li>• Part V.2 – all expenditures and cost accounting of funds shall conform to 49 C.F.R. 19.<ul style="list-style-type: none"><li>○ 49 C.F.R. 19.21(b)(2) – financial management systems shall provide for records that identify adequately the source and application of funds for federally-sponsored activities</li></ul></li></ul>
<b>Cause</b>	The Safety Office did not perform sufficient during-the-award monitoring to discover deficiencies in TCC project files.
<b>Effect (Impact)</b>	Lack of monitoring of agreement recipients puts the department at risk of not receiving appropriate deliverables and noncompliance with contract provisions, laws and regulations.
<b>Recommendation</b>	We recommend the Safety Office implement a program management procedure to include during-the-award monitoring procedures including documented telephone calls and status checks, site visits and review of invoices submitted for reimbursement to verify receipt of services from vendors.
<b>Corrective Action Taken</b>	The Safety Office has drafted monitoring procedures within the Highway Traffic Safety Manual. According to Safety Office management, the manual was implemented on July 1, 2012, which should provide sufficient corrective action for this finding.

## Finding 2 – TCC Compliance with Agreement APP75

<b>Objective</b>	Determine if TCC complied with the terms of agreement APP75.
<b>Conclusion</b>	TCC did not comply with all terms of agreement APP75.
<b>Condition (Supporting Evidence)</b>	<p>TCC did not receive sufficient supporting documentation, verifying receipt of services from vendors prior to approving invoices and requesting reimbursement from the department. Invoices submitted by TCC's subcontract vendors were not adequately descriptive of services received for the invoice period. Detailed documentation did not accompany the invoices to support the activities.</p> <p>Quarterly performance reports submitted by TCC to the Safety Office summarized the activities performed by TCC's subcontract vendors during the quarter for which the report was provided. However, the reports documented some activities for a NHTSA program, funded by the department, other than impaired driving prevention. TCC has stated that although both programs were included on the reports, the funds reimbursed were solely for the impaired driving prevention program.</p>
<b>Criteria</b>	<p>Agreement APP75 provides the following provisions pertaining to subgrantee responsibilities:</p> <ul style="list-style-type: none"><li>• Part V.2 – all expenditures and cost accounting of funds shall conform to 49 C.F.R. 19<ul style="list-style-type: none"><li>○ 49 C.F.R. 19.21(b)(7) – financial management systems shall provide for accounting records including cost accounting records that are supported by source documentation.</li></ul></li></ul>
<b>Cause</b>	TCC project managers did not comply with all requirements of the agreement in accordance with 49 C.F.R. 19. These deficiencies were unknown to the Safety Office due to insufficient monitoring.
<b>Effect (Impact)</b>	Without proper supporting documentation from vendors, TCC and the department cannot provide verification that services were performed, services were appropriate and claimed costs were allowable.

**Recommendation**

We recommend the Safety Office ensure future subgrantees comply with all requirements of agreement terms. Corrective action may include, but not be limited to:

- establishing requirements for invoices submitted for reimbursement; and
- performing adequate during-the-award monitoring to ensure compliance by subgrantees.

## **APPENDIX A – Independent Accountant’s Report**

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We have examined TCC records for the period October 16, 2009 through September 30, 2010, to determine compliance with agreement APP75 and specified requirements.

TCC’s management is responsible for compliance with these requirements. Our responsibility is to express an opinion on TCC’s compliance based on 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 TCC billings and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on TCC’s compliance with the specified requirements. In our opinion, TCC billings for agreement APP75 for the period October 16, 2009 through September 30, 2010, did not conform with all the terms of the agreement.

## **APPENDIX B – Purpose, Scope and Methodology**

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Section 20.055, Florida Statutes, requires the OIG to conduct audits, examinations, investigations and management reviews related to programs and operations of the department. This examination was performed as a 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 the examination was to assess compliance with the provisions of agreement APP75 and applicable regulations, the allowability of the claimed and reimbursed costs and adequacy of documentation to support claimed and reimbursed costs.

The **scope** of our examination consisted of reviewing invoices, quarterly reports and related records supportive of the costs invoiced to the department for agreement APP75 from October 16, 2009 through September 30, 2010.

Our **methodology** consisted of:

- reviewing agreement APP75 and related vendor agreements;
- reviewing Office of Management and Budget Circular A-133 – Compliance Supplement;
- reviewing 23 C.F.R. Part 1313 – Incentive Grant Criteria for Alcohol-Impaired Driving Prevention Programs;
- reviewing 49 C.F.R. Part 18 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;
- reviewing 49 C.F.R. Part 19 – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110);
- reviewing 2 C.F.R. Part 220 – Cost Principles for Educational Institutions (OMB Circular A-21);
- reviewing project files maintained by the Safety Office and TCC;
- examining and testing supporting documentation; and
- interviewing appropriate staff.

**APPENDIX C – TCC Response**

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**Florida Public Safety Institute**

75 College Drive, Suite 203  
Havana, Florida 32333  
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E.E. Eunice, Executive Director

January 14, 2013

Cameisha Smith  
Auditor, Intermodal Audit  
Office of Inspector General  
Florida Department of Transportation  
605 Suwannee St., MS 44  
Tallahassee, FL 32399

Ms. Smith:

In response to the recent audit conducted by your office, we have corrected all deficiencies in compliance with your recommendations by taking a proactive approach with the contract service invoices. We will provide all supporting documentation with each invoice as requested.

Sincerely:

A handwritten signature in black ink, appearing to read "E.E. Eunice".

E.E. Eunice  
Executive Director, Florida Public Safety Institute

*We prepare people to protect and serve*

## **APPENDIX D – Safety Office Response**

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The following response to the findings and corrective action identified was provided via email by the department's Safety Office from Ken Ellis, Traffic Safety Administrator.

**Finding 1 – Safety Office During-the-Award Monitoring:** The Safety Office did not perform adequate during-the-award monitoring of agreement APP75.

Recommendation: The Safety Office implement a program management procedure to include during-the-award monitoring procedures including documented telephone calls and status checks, site visits and review of invoices submitted for reimbursement to verify receipt of services from vendors.

Response (to finding): *Concurrence with finding.*

Corrective Action (to address finding): Monitoring procedures have been revised and updated. The Safety Office has put a policy manual in place that addresses monitoring procedures.

**Finding 2 – TCC Compliance with Agreement APP75:** TCC did not comply with all terms of agreement APP75.

Recommendation: We recommend the Safety Office ensure future subgrantees comply with all requirements of agreement terms. Corrective action may include, but not be limited to:

- establishing requirements for invoices submitted for reimbursement; and
- performing adequate during-the-award monitoring to ensure compliance by subgrantees.

Response (to finding): *Concurrence with finding.*

Corrective Action (to address finding): The Safety Office has put a policy manual in place that requires the program managers to have greater oversight and monitoring of subgrantees.

## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **Action Official Distribution:**

Lora Hollingsworth, Chief Safety Officer  
Ken Ellis, Traffic Safety Administrator

### **Information Distribution:**

Ananth Prasad, P.E., Secretary of Transportation  
Francis Gibbs, Chief of Staff  
Brian Peters, Assistant Secretary for Finance and Administration  
Robin Naitove, Comptroller  
Brian Blanchard, Assistant Secretary for Engineering and Operations  
Richard Biter, Assistance Secretary for Intermodal Systems  
Dr. Teresa Smith, Chief Financial Officer, Tallahassee Community College  
E.E. Eunice, Executive Director, Florida Public Safety Institute  
Kim Allen, Director of Public Safety Continuing Education

### **Project Team:**

Engagement conducted by Angela Crosby, Audit Team Leader  
Cameisha Smith, Auditor  
Under the supervision of:  
Joe Gilboy, Audit Manager; and  
Kristofer Sullivan, Director of Audit  
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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