



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

605 Suwannee Street • Tallahassee, FL 32399-0450
(850) 410-5800 • www.dot.state.fl.us/inspectorgeneral

Robert E. Clift
Inspector General

February 22, 2013

Subgrant Agreement APP73 between the department
Safety Office and Tallahassee Community College
Attestation Report No. 12I-9004

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) has conducted an examination of subgrant agreement (agreement) APP73 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 continue Florida's Click It or Ticket (CIOT) Paid Media Campaign. The purpose of the examination was to determine if the Safety Office provided adequate oversight and monitoring to ensure compliance with agreement APP73 and applicable governing authorities. The purpose of the examination also included determining if TCC complied with the terms of agreement APP73. We conducted this examination as a part of the OIG's annual work plan.

The total estimated cost of the project was \$1,005,402. The total amount requested for reimbursement and paid by the department was \$957,712.35. In our opinion, TCC billings for agreement APP73 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 APP73; and
- TCC did not maintain procurement and accounting documentation as required by agreement APP73 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.

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RESULTS OF EXAMINATION

States are encouraged to adopt and implement effective occupant protection programs to reduce deaths and injuries from riding unrestrained or improperly restrained in motor vehicles. The department receives incentive grant funding from the National Highway Traffic Safety Administration (NHTSA) to implement and enforce occupant protection programs and the Safety Office administers these funds. Florida's CIOT Paid Media Campaign is one of such programs encouraging riders to use their seat belt.

The Safety Office approved TCC's application for highway safety funding and awarded \$1,005,402. The purpose of the agreement was to continue the CIOT Paid Media Campaign. To accomplish objectives of the CIOT Paid Media Campaign, TCC executed subcontract agreements with two vendors, the Tombras Group¹ and SalterMitchell, Inc.². Total expenditures of \$957,712.35 were reimbursed to TCC who retained \$45,604.35 for indirect costs. The remaining, \$912,108, was paid by TCC to the vendors for contracted services.

The Tombras Group was paid \$752,547 to develop a paid media plan and purchase television and radio airtime with various Florida media outlets. Additionally, Tombras Group provided artwork and placement of gas station pump toppers throughout Florida. SalterMitchell, Inc. was paid \$159,560 to develop a campaign strategy and implement public relation events for the CIOT Paid Media Campaign. Contracted services included production and distribution of statewide and regional press releases, developing a CIOT website and coordination of CIOT statewide kickoff and local events.

During our examination of agreement APP73, we noted two findings concerning during-the-award monitoring and compliance with agreement terms. Below, we have further detailed each finding.

¹ The Tombras Group is a creative advertising, digital and branding agency providing full-service digital ad agency research, strategy, production and media.

² Salter Mitchell, Inc. is a social marketing, advertising and public relations agency whose expertise centers on behavior change, culture change, policy change or change in public opinion.

Finding 1 – Safety Office During-the-Award Monitoring

Objective	Determine if the Safety Office performed adequate during-the-award monitoring.
Conclusion	The Safety Office did not perform adequate during-the-award monitoring of agreement APP73.
Condition (Supporting Evidence)	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.
Criteria	Agreement APP73 provides the following provisions: <ul style="list-style-type: none">• 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• Part V.2 – all expenditures and cost accounting of funds shall conform to 49 C.F.R. 19.<ul style="list-style-type: none">○ 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; and○ 49 C.F.R. 19.46 – maintain procurement records to include, at a minimum, the basis for contractor selection, justification for lack of competition and basis for award cost or price.
Cause	The Safety Office did not perform sufficient during-the-award monitoring to discover deficiencies in TCC project files.
Effect (Impact)	Lack of monitoring of agreement recipients puts the department at risk of not receiving appropriate deliverables and noncompliance with contract provisions, laws and regulations.
Recommendation	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.

Corrective Action Taken

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 APP73

Objective

Determine if TCC complied with the terms of agreement APP73.

Conclusion

TCC did not comply with all terms of agreement APP73.

Condition (Supporting Evidence)

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 vendor Tombras Group were not adequately descriptive of services received for the invoice period. Detailed documentation did not accompany the invoices to support the activities. Verification of costs incurred and receipt of paid radio and television advertising were not received during the agreement period but were provided upon OIG request during the examination.

TCC did not maintain procurement documentation for vendor services as required by the agreement in accordance with 49 C.F.R. 19.

Criteria

Agreement APP73 provides the following provisions pertaining to subgrantee responsibilities:

- Part V.2 – all expenditures and cost accounting of funds shall conform to 49 C.F.R. 19.
 - 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; and
 - 49 C.F.R. 19.46 – procurement records and files for purchases in excess of small purchase threshold shall include, at a minimum, the basis for contractor selection, justification for lack of competition and basis for award cost or price.

Cause

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.

Effect (Impact)

Without proper supporting documentation from vendors, TCC and the department cannot provide verification services were performed and claimed costs were allowable. Lack of documented competitive solicitation may result in the appearance or opportunity for favoritism and may reduce public confidence that contracts are awarded equitably and economically.

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

We have examined TCC records for the period October 16, 2009 through September 30, 2010, to determine compliance with agreement APP73 and specified requirements.

TCC 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 APP73 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

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.

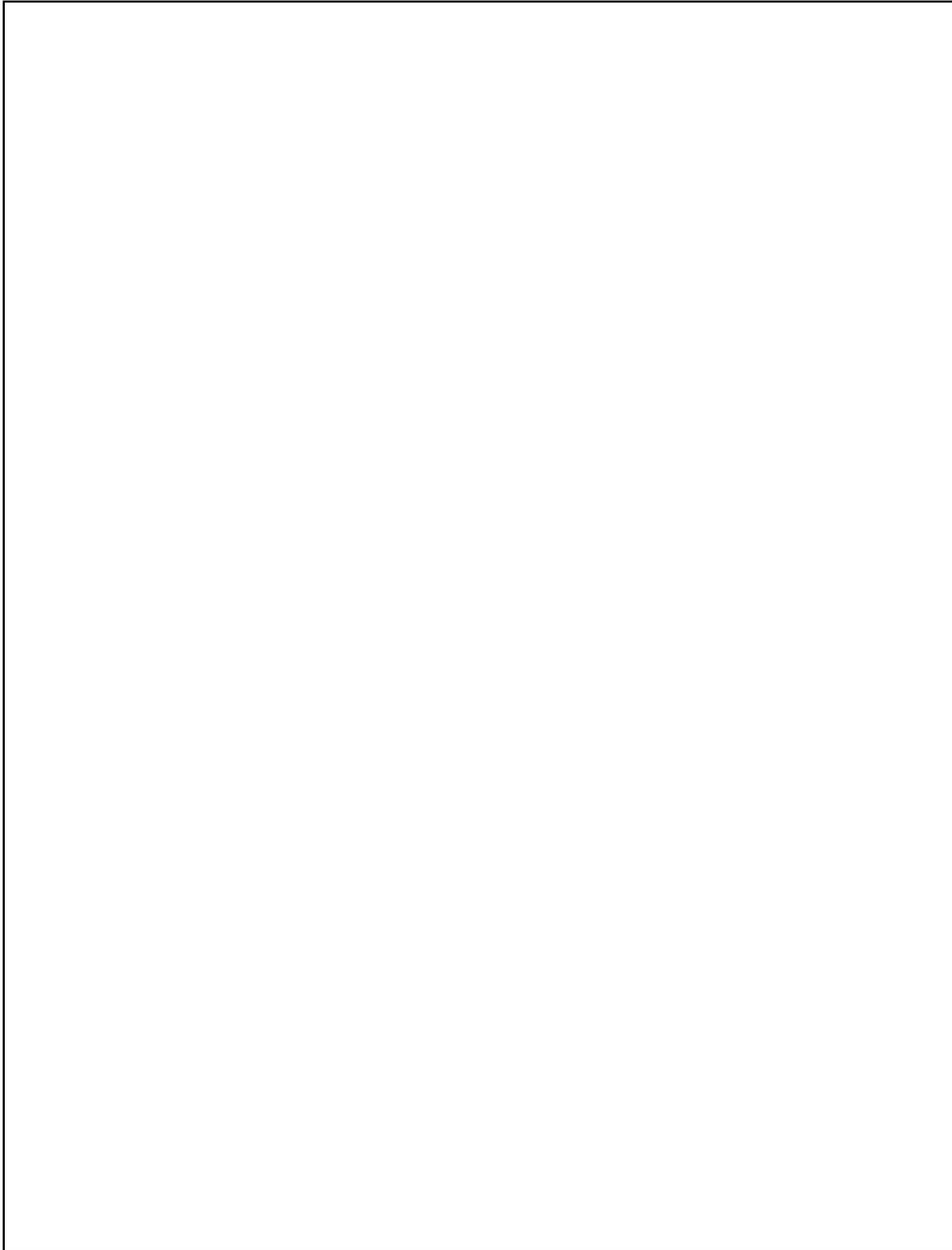
The **purpose** of the examination was to assess compliance with the provisions of agreement APP73 and applicable regulations, the allowability of the claimed and reimbursed costs and adequacy of documentation to support claimed and reimbursed costs.

The **scope** of our examination consisted of reviewing invoices, quarterly reports and related records supportive of the costs invoiced to the department for agreement APP73 from October 16, 2009 through September 30, 2010.

Our **methodology** consisted of:

- reviewing agreement APP73 and related vendor agreements;
- reviewing Office of Management and Budget (OMB) Circular A-133 – Compliance Supplement;
- reviewing 23 C.F.R. Part 1345 – Incentive Grant Criteria for Occupant Protection 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



APPENDIX D – Safety Office Response

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 APP73.

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 APP73: TCC did not comply with all terms of agreement APP73.

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

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 was conducted by Cameisha Smith, Audit Team Leader
Angela Crosby, 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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