



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift
Inspector General

District Four Contract Modification
Contract E4K49
Attestation Report No. 13C-1001

March 8, 2013

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an examination of contract E4K49, Supplemental Agreement (SA) 2, between the Florida Department of Transportation (department) and Hubbard Construction Company of Winter Park, Florida. The purpose of the contract is to design and construct or otherwise improve the roads and bridges described as the Express Lanes on Interstate 95 in Miami-Dade and Broward counties. We conducted the examination as part of the OIG's annual work plan.

SA 2 added a total of \$5,449,359 to the original contract amount of \$84,027,062.

Our review indicated the proposed costs associated with SA 2 were adequately supported and the contract changes were in compliance with department policies and state regulations.

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RESULTS OF EXAMINATION

On October 4, 2011, Contract E4K49 was executed between the department and Hubbard Construction Company. The original contract was for \$84,027,062 and 770 days. This project is funded partially by American Recovery and Reinvestment Act (ARRA) funds, along with additional funding from federal and state revenue bond funds. The purpose of this Design-Build contract is to improve the roads and bridges on the Interstate 95 Express Lanes in Miami-Dade and Broward counties. These road and bridge improvements extend from north of the Golden Glades Interchange in Miami-Dade County to south of the Broward Boulevard Park & Ride and the Ives Dairy Road Interchange in Broward County. The project is expected to be completed in October 2014.

SA 2 increased the total contract amount by \$5,449,359 and zero contract days. This contract change represents a 6.49 percent increase in the original contract amount. The additional costs associated with SA 2 are necessary to accommodate changes due to revisions to the ingress/egress points as well as upgrades, modifications and additions made to the Intelligent Transportation System (ITS). The ITS is an integrated, multimodal system which leverages technology to enhance traffic operations. Through its various programs, the ITS seeks to improve the safety, efficiency and reliability of Florida's transportation system.¹

Contract and project-related documentation associated with SA 2 was obtained through the department's Enterprise Information Portal and directly from District Four department personnel. Applicable regulations, policies and procedures were compiled and documented by audit staff. Audit tests were performed to determine compliance with these criteria. In addition, audit staff conducted a site visit to District Four on December 17, 2012. This visit allowed the auditors to meet with project management to gain a better understanding of the project timeline and progress to date. At the time of the site visit, construction activities had not been initiated. Because this is a Design-Build contract, design work must be submitted and approved in advance of construction.

This examination determined the proposed costs for SA 2 were supported with adequate documentation and were in compliance with department policies and procedures and state regulations.

¹ Florida Department of Transportation, *The 2005 Update of Florida's Intelligent Transportation System Strategic Plan* (May 12, 2005). Available online at http://www.dot.state.fl.us/trafficoperations/its/Projects_Deploy/Strategic_Plan/050512-FinIRprt_V1-2.pdf.

APPENDIX A – Independent Accountant’s Report

We examined Hubbard Construction Company’s Contractor’s Cost Proposal related to SA 2 for Contract E4K49. District Four management is responsible for monitoring the changes to Contract E4K49. Our responsibility is to express an opinion 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 Hubbard’s Contractor’s Cost Proposal and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

In our opinion, proposed contract costs for work associated with Contract E4K49, SA 2; present, in all material respects, allowable and reasonable amounts based upon detailed costs contained in the Contractor’s Cost Proposal.

APPENDIX B – Purpose, Scope and Methodology

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 proposed costs associated with the project and to assess compliance with applicable regulations, as well as department policies and procedures.

The **scope** of our examination was Contract E4K49, SA 2 from October 2011 through December 2012.

Our **methodology** consisted of:

- reviewing applicable laws, rules, regulations and procedures, including Florida Statutes, the Construction Projects Administration Manual (CPAM) and department Standard Specifications for Road and Bridge Construction;
- examining and testing supporting documentation and management controls, including the Supplemental Agreement, Engineer's Estimate, Entitlement Analyses and other documents used to support contract modifications;
- interviewing appropriate staff; and
- conducting a site visit to meet with project management to discuss the work associated with the SA under examination.

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

Action Official Distribution:

James A. Wolfe, P.E., District Four Secretary

Information Distribution:

Ananth Prasad, P.E., Secretary of Transportation
Francis Gibbs, Chief of Staff
Richard Biter, Assistant Secretary, Intermodal Systems Development
Brian Peters, Assistant Secretary, Finance and Administration
Robin Naitove, Comptroller
Brian Blanchard, P.E., Assistant Secretary, Engineering and Operations
David Sadler, P.E., Director, Office of Construction
District Four:
Courtney Drummond, P.E., District Four Director of Transportation
Operations
Patrick McCann, P.E., District Four Construction Support Engineer
Donovan Pessoa, P.E., District Four Project Manager
Yveins Jean-Pierre, P.E., District Four Project Manager

Project Team:

Engagement was conducted by Richard Pearson, Auditor in Charge
Under the supervision of:
Frank E. Funderburk, Senior Contract Auditor
Susan O'Connell, Audit Manager
Kristofer B. 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 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.

This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Inspector General.

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