



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift
Inspector General

URS Corporation Southern
Advisory Report No. 13C-3006

February 12, 2014

EXECUTIVE SUMMARY

As part of the Office of Inspector General's (OIG) annual Audit Plan we individually reviewed the Florida Turnpike Enterprise's five General Engineering Consultants (GEC)¹ to assess if their specific companies' internal controls over their labor charging and timekeeping system are effective, complete and sufficiently detailed to detect time recording and billing errors. Historically, labor costs represent the most significant costs incurred by engineering firms in the performance of government contracts and typically comprise the base used to allocate indirect costs. This report provides the results directly pertaining to URS Corporation Southern (URS or Consultant).²

Our review consisted of assessing the presence and effectiveness of the Consultant's internal controls over labor charging and timekeeping. The Consultant's policies and procedures were reviewed for conformity with recommended criteria as established by the American Association of State Highway and Transportation Officials (AASHTO). We then reviewed information gathered from conducting employee interviews and inspecting timecards to determine consistency with the Consultant's timekeeping policies and procedures.

Based upon our review, we determined the Consultant's internal controls over its labor charging and timekeeping system associated with Florida Department of Transportation (department) contracts are effective, complete and sufficiently detailed to detect time recording and billing errors. URS has instituted adequate measures to safeguard against fraud, waste and significant errors in the labor charging functions. No concerns were noted.

¹ GEC contracts reviewed: URS Corporation Southern (C8Y59); HNTB Corporation (C8Q39); Parsons Brinckerhoff, Inc. (C8W64); Jacobs Engineering Group, Inc.(C8X77); Atkins North America, Inc. (C8Q53)

² Separate reports will be provided for each GEC reviewed.

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BACKGROUND AND INTRODUCTION

Under Contract C8Y59, between the department and URS, the Consultant is responsible for providing Turnpike Traffic Engineering Consulting Services to include toll studies, finance, travel demand modeling, transportation planning, traffic engineering, project development, spatial data analysis and program management and administrative support. The contract is a professional services agreement executed on June 29, 2010, and terminating on June 28, 2015, with a current amount totaling \$35,000,000.

RESULTS OF REVIEW

The purpose of our review was to assess the Consultant's internal controls over its labor charging and timekeeping system to determine if they are effective, complete and sufficiently detailed to detect time recording and billing errors. To accomplish our objective, we reviewed the Consultant's timekeeping practices to determine if they were in conformance with AASHTO's recommended criteria for effective internal controls over labor charging.

The AASHTO Uniform Audit and Accounting Guide (AASHTO Guide)³ states the key link in any sound labor time charging system is the individual employee. The guidance also underscores the importance of management's role in indoctrinating employees on their independent responsibilities for accurately recording time charges and in continually promoting awareness of timekeeping policies and procedures. We reviewed URS' policies and procedures over timekeeping to establish whether they were evident, clear-cut and reasonable to ensure employees had no confusion as to what is and is not permissible. To determine if the Consultant has clearly communicated its timekeeping policies to employees, we analyzed employee interview responses and timecards to establish whether they were consistent with the guidance contained in the policies and procedures, and whether those directives were uniformly applied and practiced throughout the organization.

Based upon our review, **we determined the Consultant's internal controls over its labor charging and timekeeping system are effective, complete and sufficiently detailed to detect time recording and billing errors.** Employees have been provided access to comprehensive timekeeping policies and procedures and have demonstrated a firm understanding of, and adherence to, company requirements. URS has implemented sufficient measures to safeguard against fraud, waste and significant errors in the labor charging functions. **No concerns were noted.**

³ Although use of the AASHTO Guide is not required by Federal law or regulation, most State DOTs expect engineering consultants to comply with minimum procedures and techniques discussed therein. AASHTO criteria referenced in this report were extracted from the Defense Contractor Audit Agency Contract Audit Manual No.7641.90.

Several noteworthy practices were identified during our review:

- URS has well-documented and comprehensive policies, and procedures have been established that provide detailed instructions for timekeeping. These policies are updated on an annual basis and are disseminated to employees using a variety of approaches.
- Employees are required to take an annual computer-based refresher course accessible on the URS intranet which reviews the policies and procedures for timekeeping.
- The URS timekeeping system allows for the accurate and current recording of labor hours by authorized employees and includes appropriate controls to ensure labor corrections are accurate and authorized. A strong labor correction process exists that requires employees to provide detailed explanation when corrections to their timecards are necessary.
- Multiple levels of review exist for the detection of potential timecard coding errors.
- URS has established a designated Timesheet Coordinator who is the only individual authorized to input time on behalf of an employee. Supervisors are prohibited from completing an employee's timecard when the employee is out of the office for a prolonged period of time on authorized leave.
- URS appears to have fostered a culture in which employees are routinely made aware of controls that act as effective deterrents against timekeeping violations. For example, the automated timekeeping system generates alerts, notifications and pop-up reminders to prompt employees to enter time daily. Additionally, the system has built-in controls designed to restrict the charging of specific job numbers to authorized employees.
- URS has established a system of feedback in which employees can report any suspected mischarging or timekeeping violations, with anonymity guaranteed. URS has established the position of Compliance Officer to oversee compliance with the URS Code of Business Conduct and Ethics. URS has also created the URS Ethics Hotline for employees who wish to report violations related to timekeeping.

APPENDIX A – Purpose, Scope and Methodology

The **purpose** of this engagement was to determine whether the Consultant's internal controls over its labor charging and timekeeping system are effective, complete and sufficiently detailed to detect time recording and billing errors.

The **scope** of the advisory included a review of the internal controls over time reporting for the period beginning June 29, 2010 through December 31, 2012.

The **methodology** included:

- Reviewing the Consultant's policies and procedures over its timekeeping practices to determine if they are well-documented, clear-cut and complete;
- Conducting interviews with employees and supervisors;
- Inspecting a sample of employee timecards; and
- Determining if the guidance contained in the policies and procedures was consistently reflected in the interview responses, management questionnaire and timecards.

To select a sample of employees to interview, we requested a copy of the Consultant's job cost ledger for the period June 29, 2010 to December 31, 2012. Using judgmental sampling methods, we selected a sample of five employees to interview who had been employed by the Consultant for the longest amount of time (25 months or more) during the 36-month review period. We also interviewed each employee's current supervisor.

APPENDIX B – URS Corporation Southern Management Response

The following response was received from William Nelsen, Project Manager, URS Corporation Southern on October 9, 2013: “Thanks Susan. Really appreciate your efforts/professionalism and agree with your findings. Bill”

APPENDIX C – Turnpike Enterprise Management Response



*Operates the statewide
Turnpike System as
part of the Florida
Department of
Transportation*

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Governor

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DATE: February 6, 2014

TO: Robert E. Clift, Inspector General
Office of Inspector General

FROM: Diane Gutierrez-Scaccetti 
Executive Director and Chief Executive Officer

SUBJECT: URS Corporation Southern
Advisory Report No. 13C-3006

We have reviewed Advisory Report No. 13C-3006, and we concur with the findings.

DGS:cms

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

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William Nelsen, Project Manager, URS Corporation Southern

Project Team:

Engagement was conducted by Vanessa Spaulding, Audit Team Leader
Monica Brown, Auditor
Under the supervision of:
Susan O'Connell, Audit Manager; and
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 objective fact-based assessments to the DOT team.*

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