



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift
Inspector General

Fringe Benefit and Employee Leave Rates for FY 2012-2013
Attestation Report No. 13I-6001

October 2, 2012

EXECUTIVE SUMMARY

At the request of the Office of Comptroller (OOC), the Office of Inspector General (OIG) conducted an examination of the Florida Department of Transportation's (department) fringe benefit and employee leave rates for fiscal year 2012-2013. These rates, to be applied in fiscal year 2012-2013, are based on costs incurred in fiscal year 2011-2012 and allocated in accordance with Title 2, Part 225, Code of Federal Regulations, Cost Principles for State, Local, and Indian Tribal Governments (2 C.F.R. 225).

The rates proposed by the OOC and examined by the OIG are:

Employee Benefit Rate 56.53%

Employee Leave Rate 18.94%

Based on our examination of the fringe benefit and employee leave rates, we recommend the Office of Comptroller submit these rates to the Federal Highway Administration (FHWA) for approval.

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RESULTS OF EXAMINATION

A significant amount of the department's expenditures are for federally funded highway construction projects. FHWA uses the prescribed policies and procedures outlined in 2 C.F.R. 225 for reimbursing a state highway agency for allowable administrative and overhead costs. Annually, the department's Office of Comptroller develops and proposes the rates in accordance with 2 C.F.R. 225.

The rates to be applied in fiscal year 2012-2013, were based on costs incurred in fiscal year 2011-2012. The rates proposed by the OOC and examined by the OIG are:

Employee Benefit Rate	56.53%
Employee Leave Rate	18.94%

Our examination disclosed the Fringe Benefit and Employee Leave Rates were:

- developed in accordance with 2 C.F.R. 225;
- developed using the methodology established in the Office of Comptroller's Fringe Benefit and Employee Leave Rate Development Handbook; and
- based on actual amounts and correctly calculated.

Our examination also disclosed the control process for entering the cost data and calculating the rate is adequate and reliable.

Based on our examination, we recommend the Office of Comptroller submit these rates to the FHWA for approval.

APPENDIX A – Independent Accountant’s Report

We have examined the department’s fringe benefit and employee leave rates with the requirements of:

- 2 C.F.R. 225; and
- Office of Comptroller’s Fringe Benefit and Employee Leave Rate Development Handbook.

Department management is responsible for compliance with these requirements. Our responsibility is to express an opinion on the department’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 the department’s Office of Comptroller’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

In our opinion, department’s Office of Comptroller complied, in all material respects, with the terms of the governing authorities listed above.

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 part of the OIG's mission to promote accountability, integrity and efficiency for the citizens of Florida by providing objective, timely audit and investigative services.

The **purpose** of this examination was to determine whether the fringe benefit and employee leave rates were:

- developed in accordance with 2 C.F.R. 225;
- developed using the methodology established in the Office of Comptroller's Fringe Benefit and Employee Leave Rate Development Handbook; and
- based on actual amounts and correctly calculated.

The purpose also included determining if the control process for entering the cost data and calculating the rate is adequate and reliable.

The **scope** of the examination covered fiscal year 2011-2012 financial information associated with the development of fringe benefits rates to be applied in fiscal year 2012-2013.

The **methodology** included procedures to verify the cost information used to calculate the fringe benefit rates was accurate. This included:

- reconciling salary costs, benefit costs and leave costs to fiscal year-end accounting records;
- verifying the over-distributed and under-distributed accumulated costs for the preceding accounting period;
- ensuring the fringe benefit rates were correctly calculated; and
- testing the control processes for entering the cost data and calculating the rates.

APPENDIX C – Management Response

From: Evans, Lisa L
Sent: Monday, October 01, 2012 1:33 PM
To: Gilboy, Joseph
Cc: Sullivan, Kristofer; Smith, Cameisha; Crosby, Angela; Williams, David; Weil, Michelle; Naitove, Robin M
Subject: RE: Draft Preliminary and Tentative Report, 13I-6001

We have reviewed the subject report and have no additional comments.

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Project Team:

Engagement was conducted by Cameisha Smith, Audit Team Leader
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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