



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift
Inspector General

Single Audit Compliance Review – District Five Advisory Report No. 13I-8006

August 9, 2013

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted a single audit compliance review in the Florida Department of Transportation's (department) District Five. The purpose of this engagement was to determine if District Five complied with federal and state single audit regulations as well as the department's *Single Audit Procedure*.

From a population of 300 contracts for fiscal year ended 2011, we tested a sample of 11 federal awards and 9 state financial assistance grants with total disbursements over \$40 million.

Of the 20 contracts reviewed, 19 fully complied with all the requirements tested (Attachment 1). We identified the following:

- nineteen (95%) agreements contained the required single audit language and provisions;
- all (100%) audit reports were received within nine months after the recipient's/subrecipient's fiscal year end;
- all (100%) contained evidence of monitoring on the district's SharePoint site;
- all (100%) audit reports showed evidence of receipt, such as a date stamp;
- all (100%) Single Audit System checklists were completed timely;
- all (100%) audit report expenditures were accurately reconciled to disbursements in the Single Audit System and discrepancies adequately explained on the checklist; and
- all (100%) exemption correspondence was obtained from recipients/subrecipients who were under the \$500,000 threshold.

We commend District Five's program managers and single audit liaison for their well-developed single audit process. We would also like to recognize the district's SharePoint site as a "best practice." The site contains project records and allowed our auditor to retrieve monitoring documentation with minimal disruption to district staff.

Based on the one finding identified, we recommend the program manager include Catalog of State Financial Assistance and Compliance Supplement information into Exhibit D of agreement AO967. District Five's program manager implemented corrective action with an amendment to agreement AO967, which was forwarded to the recipient on February 19, 2013, and executed on April 12, 2013.

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BACKGROUND AND INTRODUCTION

The department's single audit liaisons and program managers are responsible for maintaining internal controls and reasonable assurance that recipients/subrecipients are complying with laws, regulations and the provisions of grant agreements related to federal and state single audit requirements.

Department program managers are responsible for reconciling the recipient's/subrecipient's reported expenditures against department funds disbursed and completing the OIG's Single Audit System checklist within six months after receipt of the recipient's/subrecipient's audit report. However, District Five assigned those program managers' responsibilities to their single audit liaison and three analysts.

PURPOSE, SCOPE AND METHODOLOGY

Section 20.055, Florida Statutes (F.S.) requires the OIG to conduct audits, examinations, investigations and management reviews related to programs and operations of the department. This engagement was performed as part of the OIG's Annual Audit Plan.

The **purpose** of this engagement was to determine if District Five complied with federal and state single audit regulations as well as the department's Procedure No. 450-010-001, *Single Audit Procedure*.

The **scope** of this advisory was a population of 300 contracts from the Single Audit System for fiscal year ended 2011. We reviewed 11 federal awards and 9 state financial assistance grants, with total disbursements over \$40 million.

The **methodology** included a checklist with 41 individual compliance elements, which were consolidated into these categories:

- reviewing federal and state regulations and the department's *Single Audit Procedure*;
- reviewing agreements for current single audit language and provisions;
- reviewing the recipients'/subrecipients' audit reports for required documents;
- reviewing project files for monitoring documentation;
- reviewing Single Audit System checklist activity and determining if expenditures were reconciled accurately;
- examining management controls and supporting documentation; and
- interviewing appropriate staff.

RESULTS OF REVIEW

A prior District Five Single Audit Compliance Review 12I-8004 indicated no findings.

Our current review indicated District Five complied with all federal regulations and the department's procedure. For the one finding identified, corrective action was implemented and details are as follows:

Finding 1 – State regulations

Objective

To determine if state financial assistance grants are in compliance with state regulations.

Conclusion

Of the nine state financial assistance grants tested, eight were in full compliance. Our testing determined:

- eight (89%) agreements contained the required single audit language and provisions;
- all (100%) audit reports were received within nine months after the recipient's fiscal year end; and
- all (100%) contained evidence of monitoring, such as quality assurance reviews, field inspection reports and photos on the district's SharePoint site.

**Condition
(Supporting Evidence)**

The department's Joint Participation Agreement Exhibit D provides recipients with information from the Catalog of State Financial Assistance and State Project Compliance Supplement, such as a project number identifier, official title, legal authorization, project description and compliance requirements. Exhibit D of agreement AO967 was blank.

Criteria

Section 215.97, F.S., *Florida Single Audit Act*

Cause

District staff indicated this was an older agreement and Exhibit D was not originally required; therefore, the program manager was unaware the catalog and compliance information were missing.

Effect (Impact)

Not providing recipients with required single audit information in the agreements makes the department noncompliant with state regulations and diminishes program managers' abilities to hold recipients accountable.

Recommendation

We recommend the program manager include Catalog of

Corrective Action Taken

State Financial Assistance and Compliance Supplement information in Exhibit D of agreement AO967.

District Five's program manager implemented corrective action by including the required catalog and compliance supplement information in Exhibit D. An amendment was forwarded to the recipient on February 19, 2013, and executed on April 12, 2013.

APPENDIX A – Management Response



Florida Department of Transportation

RICK SCOTT
GOVERNOR

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Tallahassee, FL 32320

ANANTH PRASAD, P.E.
SECRETARY

DATE: July 30, 2013
TO: Joseph Gilboy, Audit Manager
FROM: Noranne Downs, P.E., District Secretary 
COPIES: Frank O'Dea, P.E., Mario Bizzio, Lisa Buscher, Dianne Peek
SUBJECT: 13I-8006 Preliminary and Tentative Draft Report, Single Audit Compliance Review - D5

Based on the review of Dianne Peek, Single Audit Liaison, as well as Lisa Buscher, Local Government Program Administrator, District 5 concurs with the content and fact of the Preliminary and Tentative Draft Report.

attachment:
13I-8006 Preliminary and Tentative Draft Report

www.dot.state.fl.us

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

Action Official Distribution:

Noranne Downs, P.E., Secretary, District Five
Lisa Buscher, Local Government Program Administrator, District Five

Information Distribution:

Ananth Prasad, P.E., Secretary of Transportation
Brian Peters, Assistant Secretary for Finance and Administration
Robin Naitove, Comptroller
Ken Harvey, Finance Director, Federal Highway Administration (FHWA)
Dyshá Weems, Financial Specialist, FHWA

Project Team:

Engagement was conducted by: Helen Titoff, Auditor
Under the supervision of:
Joseph W. Gilboy, 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.

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 International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc.

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.

Please address inquiries regarding this report to the department's Office of Inspector General at (850) 410-5800.

ATTACHMENT 1 – Compliance Review Elements

Federal Awards:			Federal Requirements			Department Procedure		
Contract Number	Subrecipient	Disbursements	Agreement contained required single audit language?	Audit report received within 9 months or exemption?	Evidence of during-the-award monitoring?	Evidence of audit report received (date stamped)?	Single Audit System checklist completed within 6 months?	Expenditures reconciled accurately or Threshold Certification submitted?
APP64	Volusia County	\$4,416,908.35	Yes	Yes	Yes	Yes	Yes	Yes
APT80	Lake County	\$2,942,847.84	Yes	Yes	Yes	Yes	Yes	Yes
APP81	Orange County	\$1,967,002.48	Yes	Yes	Yes	Yes	Yes	Yes
APL94	Marion County	\$1,809,136.74	Yes	Yes	Yes	Yes	Yes	Yes
APK98	Seminole County	\$1,440,164.17	Yes	Yes	Yes	Yes	Yes	Yes
AOR32	City of Orlando	\$3,000,021.72	Yes	Yes	Yes	Yes	Yes	Yes
AON11	City of New Smyrna Beach	\$1,192,521.77	Yes	Yes	Yes	Yes	Yes	Yes
AOP77	City of Ormond Beach	\$88,420.86	Yes	Yes	Yes	Yes	Yes	Yes
A5064	Space Coast TPO	\$799,683.74	Yes	Yes	Yes	Yes	Yes	Yes
APV01	Town of Windermere	\$245,983.00	Yes	Yes	Yes	Yes	Yes	Yes
APR70	City of Ocoee	\$1,109,602.37	Yes	Yes	Yes	Yes	Yes	Yes
TOTAL:		\$19,012,293.04						

State Financial Assistance:			State Requirements			Department Procedure		
Agreement Number	Recipient	Disbursements	Agreement contained required single audit language?	Audit report received within 9 months or exemption?	Evidence of monitoring?	Evidence of audit report received (date stamped)?	Single Audit System checklist completed within 6 months?	Expenditures reconciled accurately or Threshold Certification submitted?
AOY43	Central Florida Regional Transportation Authority dba LYNX	\$12,917,252.75	Yes	Yes	Yes	Yes	Yes	Yes
AP348	Osceola County	\$5,241,283.26	Yes	Yes	Yes	Yes	Yes	Yes
AP073	Brevard County	\$1,342,360.32	Yes	Yes	Yes	Yes	Yes	Yes
AO967	Canaveral Port Authority	\$376,025.79	No	Yes	Yes	Yes	Yes	Yes
APQ50	City of Leesburg	\$996,007.75	Yes	Yes	Yes	Yes	Yes	Yes
APG22	City of Kissimmee	\$175,576.98	Yes	Yes	Yes	Yes	Yes	Yes
AOZ62	City of Umatilla	\$52,393.20	Yes	Yes	Yes	Yes	Yes	Yes
APY97	City of Leesburg	\$10,575.20	Yes	Yes	Yes	Yes	Yes	Yes
AOG79	City of DeLand	\$2,401.23	Yes	Yes	Yes	Yes	Yes	Yes
TOTAL:		\$21,113,876.48						