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Intelligent Transportation Systems (ITS) – Contracts Audit Report No. 13P-5002b

EXECUTIVE SUMMARY

The Florida Department of Transportation (department) has deployed a formal Intelligent Transportation Systems (ITS) program in each of the department's seven districts and Florida's Turnpike Enterprise (Turnpike). ITS operations consist of twelve Traffic Management Centers (TMCs), three satellite monitoring centers and associated infrastructure deployed along the roadways. Oversight of ITS deployment as well as regulation of the department's ITS equipment and software became the responsibility of the State Traffic Operations Engineer in 2001.

In November 2012, the Office of Inspector General initiated a three-part engagement to evaluate internal controls for the ITS information technology (IT) environment, ITS operations and maintenance contracts, and ITS inventory accountability. This report is the second for this engagement and will address the team's evaluation of the operations and field device maintenance contracts for the ITS program to:

- determine contract cost per managed mile within each district;
- identify differences in contract provisions;
- assess contract compliance with Florida Statutes; and
- evaluate the application of specified contract monitoring activities.

The review of the ITS program determined:

- The average cost per managed mile was \$22,945 statewide with costs per managed mile ranging from \$12,009 in Turnpike to \$94,207 in District Six. Additionally, ITS program methodology for allocating funds does not completely reflect expenditures for ITS services;
- ITS program operations and maintenance contract provisions lacked consistency among the districts;
- ITS operations and maintenance contracts comply with the statutory requirements in Section 287.058(1), Florida Statutes;
- ITS contracts do not require consultants to fully comply with Chapter 119, F.S.; and
- Documentation to verify the performance of monitoring activities required by contract was not available in three districts.

Results of testing in each of these areas are detailed in this report and a table of the findings and recommendations can be found in Appendix B. We recommend the State Traffic Operations Engineer ensure ITS contracts and contract monitoring practices promote accountability for state resources, maximize efficiency in the use of state funds, and provide a consistent level of service statewide to the traveling public.

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BACKGROUND AND INTRODUCTION

According to ITS America, ITS “encompass a broad range of information and communications technologies that improve the safety, efficiency, and performance of the transportation system.” Examples of ITS technologies include traffic signal control systems, variable message signs, speed cameras/sensors and security closed circuit television systems. When applied to roadways, ITS can help reduce congestion, improve mobility, save lives and optimize existing infrastructure.

In the early 90s, the department began testing and implementing ITS technologies within Districts Two, Five and Six. These district specific efforts were bolstered in 1999 when the department received approximately \$500 million dollars of federal funding to deploy a formal ITS program in the State of Florida. With the infusion of these funds, ITS programs have been deployed in each of the department’s seven districts and the Florida Turnpike. In 2001, oversight of ITS deployment and regulation of the department’s ITS equipment and software became the responsibility of the State Traffic Operations Engineer. The department’s ITS program currently consists of twelve Traffic Management Centers, three satellite monitoring centers and associated infrastructure deployed along the roadways (see Appendix C).

In November 2012, the Office of Inspector General initiated a three-part engagement to evaluate internal controls for the ITS information technology (IT) environment, ITS operations and maintenance contracts, and ITS inventory accountability. This report is the second for this engagement and will address the team’s evaluation of the operations and field device maintenance contracts for the ITS program with regard to:

- determine contract cost per managed mile within each district;
- identify differences in contract provisions;
- assess contract compliance with Florida Statutes; and
- evaluate the application of specified contract monitoring activities.

RESULTS OF REVIEW

ITS program services statewide are provided through operations and maintenance contracts. However, no centralized direction for the provision of the ITS operations and maintenance services is provided by department policy or procedure. Additionally, a majority of district ITS managers indicated they have not received instructions on implementing or maintaining contracts for ITS programs.

For the purposes of this review, a total of 21 active operations and maintenance contracts were identified within the ITS program for fiscal year 2012/2013. This total included 7 operations contracts, 13 maintenance contracts and 1 contract which included design, build, operations and maintenance services.

The review of the operations and maintenance contracts for the ITS program revealed that ITS contracts lack consistency from district to district and vary with regards to costs, contract provisions, compliance with Florida Statutes and contract monitoring activities. The results of the review for each of these areas are detailed below.

Costs Per Mile Managed

As calculated, costs per managed mile varied statewide from district to district. It was determined **the average cost per managed mile was \$22,945 statewide for Fiscal Year 2012/2013 (see Appendix D)**. Furthermore, it was determined that the **ITS program methodology for projecting funds for costs does not reflect actual expenditures for ITS services**. Five of the eight districts spent more money than was projected by Central Office ITS (CO-ITS) for FY 2012/2013.

To determine the cost per miles managed, payments for the operations and maintenance contracts for fiscal year 2012/2013 were analyzed¹ and validated by district ITS staff. Central Office ITS defines operations and maintenance contracts/projects as the following:

- Operations contracts- operate the TMCs and any contracts for service needed for incident management, providing traveler information services, or general services for ITS program management.
- Routine maintenance projects- are exemplified by the everyday occurrence of hardware replacement of field devices, TMC equipment, communications equipment, or software maintenance.
- Periodic maintenance projects- consist of major ITS upgrades or replacement projects.

¹ During analysis, costs for pilot programs were removed for Districts One and Six to facilitate a more accurate comparison of expenditures across districts.

Additionally, miles managed was defined by Central Office ITS as:

- Centerline mileage that includes traffic probes and/or sensors, real-time traffic information reporting coverage, real-time incident response capabilities and real-time traffic data availability to the department. To meet the definition of miles managed, all attributes aforementioned must be continuously operated and maintained, permitting contiguous coverage of the mileage noted.

We recommend the State Traffic Operations Engineer determine executive board's perspectives on the appropriate level of ITS service, revise ITS program funding methodology to reflect these priorities and develop a centralized approval process to justify additional proposed district expenditures to ensure consistent service to the traveling public statewide.

Comparison of ITS Contract Provisions

Operations and maintenance contract provisions for the ITS program lacked consistency among the districts (see Appendix E). District ITS operations varied in the number of TMCs, services provided, hours of service and number of miles managed. Furthermore, a variety of contractual arrangements were being utilized among the district ITS programs to procure operations and maintenance services. These variations in contract arrangements may be attributed to the lack of centralized direction within the ITS program.

Inconsistencies included the following:

- **Number of Contracts**
 - District Three was the only district utilizing one contract to procure both operations and maintenance services;
 - Turnpike was unique in that Turnpike utilized one operations and two maintenance contracts²;
 - Districts Four, Five and Seven utilize one operations and two maintenance contracts to procure these services; and
 - Districts One, Two and Six utilize one operations and one maintenance contract within their districts.
- **Contract Length**
 - Six of the seven operations contracts had a contract length³ of five years, with the exception of an eight-year contract in District Six (i.e. original length five years plus three-year renewal).
 - The length of the thirteen maintenance contracts included the following: two contracts had a length of one year, one contract had a length of two

² Four maintenance contracts were evaluated for the Turnpike, since the two original maintenance contracts were replaced by two new maintenance contracts during the timeframe for this review. The two Turnpike maintenance contracts were procured as construction contracts (not using the Standard Written Agreement template provided by the Procurement Office).

³ Contract length is defined as the original contract length plus any renewals and/or extensions.

years, six contracts had a length of three years, two contracts had lengths of three years and 10 months (i.e. original contract length three years plus six-month renewal and four-month extension), one contract had a length of five years and one contract had a length of 10 years (i.e. original contract length five years plus five-year renewal).

- The District Three operations and maintenance contract was procured for 10 years.
- **Compensation Types**
 - Among the 13 maintenance contracts, two were a combination of fixed price and cost reimbursement, six were a combination of fixed rate and cost reimbursement, two were a combination of fixed price and fixed rate, two were fixed price and one was fixed rate.
 - Among the 7 operations contracts, one was fixed price, four were a combination of fixed rate and cost reimbursement, one was a combination of fixed price and cost reimbursement and the remaining one was a combination of fixed rate, fixed price and cost reimbursement.
 - The District Three operations and maintenance contract was fixed price.
- **Inventory Requirements**
 - Among the maintenance contracts, one of the thirteen contracts did not contain language that allowed the purchase of inventory and all 13 contracts contained requirements for the maintenance of inventory.
 - Among the operations contracts, one contract did not contain language for the purchase of inventory and one contract did not contain language requiring the maintenance of inventory.
 - The District Three operations and maintenance contract contained both types of contractual language.

We recommend the State Traffic Operations Engineer ensure consistency among the ITS contracts by develop centralized requirements and standards for operations and maintenance contracts. **We recommend** the new ITS contracts statewide conform to the new standards as they are being initiated and non-conforming contracts not be renewed.

Compliance with Florida Statutes

Section 287.058(1), Florida Statutes

Nineteen⁴ operations and maintenance contracts were reviewed for compliance with the nine contractual provisions required by Subsection 287.058(1)(a-i), Florida Statutes (F.S.) and it was determined **all ITS operations and maintenance contracts complied with statutory requirements (see Appendix G).**

⁴ The two Turnpike maintenance contracts that were procured as construction contracts weren't reviewed because the contract format utilized does not have the same statutory requirements as the Standard Written Agreement template.

According to the Department of Financial Services, Subsection 287.058, F.S., was established to improve accountability for contractual service agreements entered into by state agencies. Failing to fully comply with this statute may result in the department not being able to fully monitor contract compliance to prevent the fraud, misuse or abuse of state resources.

Chapter 119, Florida Statute

All 21 contracts did not contain language requiring consultants to fully comply with Chapter 119, F.S. regarding public records. During the course of the first phase of this engagement (which evaluated IT controls for the ITS program), it was determined that the ITS program utilized non-department email services (provided by third-parties and consultants) that could not accommodate public records requests per Chapter 119, F.S. Therefore, ITS contracts were evaluated during this portion of the engagement to determine if they required consultants providing operations and maintenance services for the ITS program to comply with Chapter 119, F.S. Nineteen of the 21 contracts evaluated contained language which required adherence to Chapter 119, F.S., but did not provide specific requirements to ensure full compliance with the statutes.

We recommend the State Traffic Operations Engineer ensure ITS contracts require consultants to fully comply with Chapter 119, F.S. Public Records Form No. 375-030-61, Standard Professional Services Agreement Form No. 375-030-12 and Standard Written Agreement Form No. 375-040-19 contain pre-vetted language which can be used to meet this recommendation.

Contract Monitoring Activities within ITS

Monitoring is a planned, ongoing, and periodic activity to determine: compliance by the provider/sub with the agreement terms and conditions and any applicable laws and regulations; required activities are being or have been performed in accordance with the agreement; deliverables have been completed; funds have been accounted for and used appropriately; and, program goals and objectives are being met. However, **three districts required contract monitoring activities within their contracts and could not verify with documentation that they had been conducted.** Furthermore, during site visits to the districts, the following examples were noted where contract monitoring activities could be improved:

- District Six quarterly reports were completed for inventory maintenance but the numbers could not be reconciled from quarter to quarter.
- During the district site visits, a warehouse for District Five and Turnpike field device inventories was found to be in poor condition. It was noted that the warehouse windows were broken and the ceiling had water damage. ITS devices purchased by FDOT were comingled with the property purchased by county and local municipalities with no method to determine the owner of each.

Contract monitoring activities are defined by the Department of Financial Services Contract and Grant User Guide as:

- Review of Vendor Submitted Reports- Requires the provider to submit progress reports or other appropriate data or reports, based on pre-defined criteria, and review the provider's reports for verification of services provided and adherence to the agreement. Substandard performance should be identified and addressed timely and appropriately.
- Onsite Reviews and Observations- Requires the contract manager conduct onsite reviews, interview provider staff to ascertain their understanding of program goals, interview clients about services received, review key systems and service documentation, review client case records, review personnel records to ensure staff have appropriate credentials, review fiscal records, and observe operations whenever possible. The results of these visits should be documented in writing and compared with contract/grant requirements.
- Client Surveys- Requires the contract manager survey clients concerning agreement service delivery and quality. Requires the provider to resolve complaints, and keep records of both the complaint and method of resolution.
- Other Periodic Contact- Requires the contract manager maintain an open line of communications to review progress on a regular basis. Documentation of these contacts becomes especially important when resolving any issue or concern regarding the agreement.
- Agency Review of Audit Reports- Requires the contract manager review any required audit reports and ensure the provider/sub takes appropriate and timely corrective action.

The following commendable monitoring activities (which met the guidelines of the Department of Financial Services Contract and Grant User Guide) were noted throughout the ITS operations:

- Periodic (at least once a month) meetings (with minutes that detailed actions items) of operations and maintenance contractors were being held in Districts One, Two, Three, Four, Six, Seven and Turnpike;
- Periodic collection and review of SunGuide reports were occurring in Districts One, Two, Three Six; Seven and Turnpike; and
- Periodic inventory inspections were occurring in Districts Two, Four, Six, Seven and Turnpike.

We recommend the State Traffic Operations Engineer work with districts to implement a contract template with consistent contract monitoring activities, which include documentation for verification of the activity, in accordance with the Department of Financial Services Contract and Grant User Guide.

APPENDIX A - Purpose, Scope and Methodology

The **purpose** of this portion of the ITS review was to determine if ITS contracts and contract monitoring practices promote accountability for state resources and maximize efficiency in the use of state funds.

The **scope** of this review included the operations and field device maintenance contracts in effect within the ITS program during fiscal year 2012/2013. For the purpose of the review, operations and maintenance contracts were defined as:

- Operations contracts- Contracts written to operate the TMCs and any contracts for service needed for incident management, providing traveler information services, or general services for ITS program management.
- Routine maintenance projects- These projects are exemplified by the everyday occurrence of hardware replacement of field devices, TMC equipment, communications equipment, or software maintenance.
- Periodic maintenance projects- These projects consist of major ITS upgrades or replacement projects.

To facilitate the review, the **methodology** included:

- reviewing ITS contracts for the 10 contract provisions outlined in F.S. 287.058(1)(a-i);
- reviewing ITS contracts for contract provisions regarding Chapter 119, F.S.;
- calculating cost per miles managed utilizing fiscal year 2012/2013 operation and maintenance costs;
- creating and disseminating a questionnaire to district ITS management to solicit feedback regarding contract monitoring activities for each district's operation and maintenance contracts and collecting supporting documentation to validate questionnaire responses; and
- reviewing ITS contracts to determine consistency of contract provisions.

APPENDIX B - Summary of Findings and Recommendations

The following chart summarizes the findings, recommendations and corrective actions.

| Finding | Recommendation | Corrective Action |
|--|--|--|
| 1. The average cost per managed mile was \$22,945 statewide for Fiscal Year 2012/2013. Furthermore, it was determined that the ITS program methodology for projecting funds for costs does not reflect actual expenditures for ITS services. | 1. We recommend the State Traffic Operations Engineer determine executive board's perspectives on the appropriate level of ITS service, revise ITS program funding methodology to reflect these priorities and develop a centralized approval process to justify additional proposed district expenditures to ensure consistent service to the traveling public statewide. | 1. We concur with the findings and recommendations. The Traffic Engineering and Operations Office will request Executive Board direction on future funding levels of the ITS Program to ensure consistent service to the traveling public statewide. |
| 2. Operations and maintenance contract provisions for the ITS program lacked consistency among the districts. | 2. We recommend State Traffic Operations Engineer ensure consistency among the ITS contracts by develop centralized requirements and standards for operations and maintenance contracts. We recommend the new ITS contracts statewide conform to the new standards as they are being initiated and non-conforming contracts not be renewed. | 2. We concur with the findings and recommendations. The Traffic Engineering and Operations Office is currently working on an ITS Maintenance Scope of Services that will create consistent requirements and standards. A draft of that document was released for review and comments in February. A similar ITS Operations Scope of Services will be initiated later this year. Future ITS contracts statewide will be required to conform to the new standards as they are being initiated. |
| 3. All 21 contracts did not contain language requiring consultants to fully comply with Chapter 119, F.S. regarding public records. | 3. We recommend the State Traffic Operations Engineer ensure ITS contracts require consultants to fully comply with Chapter 119, F.S. Public Records Form No. 375-030-61, Standard Professional Services Agreement Form No. 375-030-12 and Standard Written Agreement Form No. 375-040-19 contain pre-vetted language which can be used to meet this recommendation. | 3. We concur with the findings and recommendations. Because all of the 21 contracts evaluated pre-date the new language added to Chapter 119, F.S. in July 2013, this new language is not currently included in the contracts. If these contracts are modified to change any existing terms and conditions, a signed version of the new Public Records Form No. 375-030-61 that details the new changes to Chapter 119 F.S. will be added and made part of the contract document. Any new contracts will use Standard Professional Services Agreement Form No. 375-030-12 or the Contractual Services Standard Written Agreement Form 375-040-19 which both already contain the new Chapter 119 F.S. language. |
| 4. Three districts required contract monitoring activities within their contracts and could not verify with documentation that they had been conducted. | 4. We recommend the State Traffic Operations Engineer work with districts to implement a contract template with consistent contract monitoring activities, which include documentation for verification of the activity, in accordance with the Department of Financial Services Contract and Grant User Guide. | 4. We concur with the findings and recommendations. The Traffic Engineering and Operations Office will work with the districts to implement consistent contract monitoring activities to include documentation for verification of the activity. In a meeting held with the districts on 3/3/14, the standard contract monitoring activities that will be performed for maintenance and operations contracts were selected. This requirement will be incorporated into the new Maintenance and Operations Scope of Services. |

APPENDIX C – ITS Traffic Management Centers

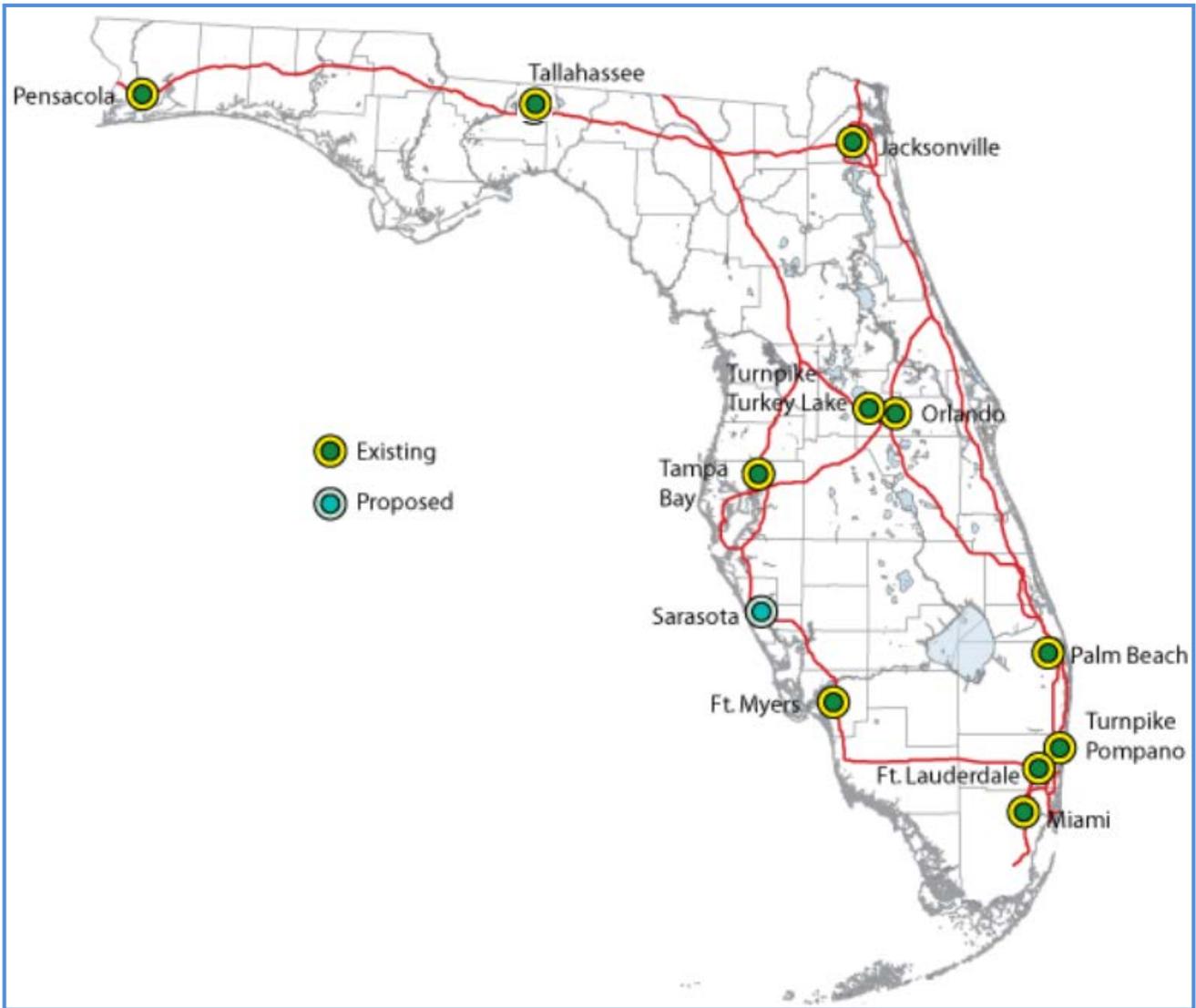
The following traffic management centers have been established from the original 10 year cost feasibility plan:

| District | TMC Location |
|--|---|
| District 1 | SWIFT SunGuide Center 10041 Daniels Parkway, Fort Myers |
| District 1 (the proposed Sarasota facility) | 2101 47 th Terrace East, Bradenton |
| District 2 | Jacksonville Urban Office 2198 Edison Avenue, Jacksonville |
| District 3 | Pensacola SunGuide Center 580 Burgess Road, Pensacola |
| District 3 | Public Safety Complex 911 Easterwood Drive, Tallahassee |
| District 4 | Broward SMART SunGuide Center 2300 W. Commercial Blvd., Ft. Lauderdale |
| District 4 | Palm Beach Vista Center Complex 2300 N. Jog Road, West Palm Beach |
| District 5 | Orlando Urban Office 133 South Semoran Blvd., Orlando |
| District 6 | SunGuide Transportation Management Center 1001 NW 111 Avenue, Miami |
| District 7 | Tampa Bay SunGuide Center 11201 N. McKinley Drive, Tampa |
| Turnpike Enterprise | Milepost 65, Operations Center Pompano Beach Service Plaza |
| Turnpike Enterprise | Milepost 263, Building 5317 Turkey Lake Service Plaza, Orlando |

Additionally, the department's ITS program also includes the following satellite offices:

| District | TMC Location |
|----------------------------|--|
| District 2 | Florida Highway Patrol Troop G Jacksonville Regional Communication Center 908 N. Jefferson, Jacksonville |
| District 4 | Treasure Coast Operations 3601 Oleander Avenue, Ft. Pierce |
| Turnpike Enterprise | Anclote Toll Facility 6610 Suncoast Parkway Land O' Lakes |

Map of the ITS Traffic Management Centers



APPENDIX D – ITS Costs Per Miles Managed for FY 2012/2013

| Districts | Contract Type | Contracts | Expended Costs | Total Expended by District | Managed Miles | Cost Per Managed Mile for Operations and Maintenance | Total Cost Per Managed Mile |
|--------------|---------------------|-----------|------------------------|----------------------------|---------------|--|-----------------------------|
| D1 | Maintenance (M) | BDK23 | \$714,198.44 | \$1,455,719.94 | 115.5 | \$6,183.54 | \$12,603.64 |
| | Operations (O) | BDV11 | \$741,521.50 | | | \$6,420.10 | |
| D2 | M | BDQ17 | \$652,003.05 | \$1,791,890.54 | 63.1 | \$10,332.85 | \$28,397.63 |
| | O | BDU86 | \$1,139,887.49 | | | \$18,064.78 | |
| D3 | Design, Build, O, M | BDL51 | \$3,377,394.49 | \$3,377,394.49 | 38 | \$88,878.80 | \$88,878.80 |
| D4 | M | BDS76 | \$872,770.96 | \$5,238,270.83 | 202.7 | \$8,091.18 | \$25,842.48 |
| | M | BDS77 | \$767,311.42 | | | \$17,751.30 | |
| | O | BDQ02 | \$3,598,188.45 | | | | |
| D5 | M | BDS39 | \$2,371,578.64 | \$3,872,971.66 | 226.3 | \$11,792.41 | \$17,114.32 |
| | M | BDU98 | \$297,043.02 | | | \$5,321.92 | |
| | O | BDU74 | \$1,204,350.00 | | | | |
| D6 | M | BDS49 | \$2,329,896.82 | \$5,040,075.15 | 53.5 | \$43,549.47 | \$94,207.01 |
| | O | BDJ68 | \$2,710,178.33 | | | \$50,657.54 | |
| D7 | M | BDR48 | \$75,235.21 | \$3,577,974.43 | 148.8 | \$14,128.30 | \$24,045.53 |
| | M | BDR39 | \$2,027,055.33 | | | \$9,917.23 | |
| | O | BDU25 | \$1,475,683.89 | | | | |
| TP | M | BDN48 | \$799,639.95 | \$5,379,879.16 | 448 | \$2,850.33 | \$12,008.66 |
| | M | BDN52 | \$348,449.02 | | | | |
| | M | E8M48 | \$14,234.53 | | | | |
| | M | E8M49 | \$114,623.64 | | | \$9,158.33 | |
| | O | C8X77 | \$4,102,932.02 | | | | |
| TOTAL | | | \$29,734,176.20 | | 1295.9 | Average Cost Per Managed Mile | \$22,944.81 |

APPENDIX E – ITS Expended Costs vs. Project Costs for FY 2012/2013

| Districts | Contract Type | Contracts | Expended Costs | Projected Costs | Amount Expended over Projected | Amount Expended under Projected |
|--------------|---------------------|-----------|------------------------|------------------------|--------------------------------|---------------------------------|
| D1 | Maintenance (M) | BDK23 | \$714,198.44 | \$817,585.00 | | \$103,386.56 |
| | Operations (O) | BDV11 | \$741,521.50 | \$2,017,772.00 | | \$1,276,250.50 |
| D2 | M | BDQ17 | \$652,003.05 | \$782,924.00 | | \$130,920.95 |
| | O | BDU86 | \$1,139,887.49 | \$1,349,021.00 | | \$209,133.51 |
| D3 | Design, Build, O, M | BDL51 | \$3,377,394.49 | \$2,298,140.00 | \$1,079,254.49 | |
| D4 | M | BDS76 | \$872,770.96 | \$2,049,728.00 | | \$409,645.62 |
| | M | BDS77 | \$767,311.42 | | | |
| | O | BDQ02 | \$3,598,188.45 | \$2,688,624.00 | \$909,564.45 | |
| D5 | M | BDS39 | \$2,371,578.64 | \$2,255,852.00 | \$115,726.64 | |
| | M | BDU98 | \$297,043.02 | \$1,633,021.00 | | \$131,627.98 |
| | O | BDU74 | \$1,204,350.00 | | | |
| D6 | M | BDS49 | \$2,329,896.82 | \$1,224,021.00 | \$1,105,875.82 | |
| | O | BDJ68 | \$2,710,178.33 | \$1,539,261.00 | \$1,170,917.33 | |
| D7 | M | BDR48 | \$75,235.21 | \$1,361,804.00 | \$740,486.54 | |
| | M | BDR39 | \$2,027,055.33 | | | |
| | O | BDU25 | \$1,475,683.89 | \$1,649,020.00 | | \$173,336.11 |
| TP | M | BDN48 | \$799,639.95 | \$2,995,370.00 | | \$1,718,422.86 |
| | M | BDN52 | \$348,449.02 | | | |
| | M | E8M48 | \$14,234.53 | | | |
| | M | E8M49 | \$114,623.64 | | | |
| | O | C8X77 | \$4,102,932.02 | \$2,697,041.00 | \$1,405,891.02 | |
| TOTAL | | | \$29,734,176.20 | \$27,359,184.00 | \$6,527,716.29 | \$2,374,992.20 |

APPENDIX F – Comparison of ITS Contract Provisions

The following table compares number of contracts, contract length and compensation type for the operations and maintenance contracts within the ITS program.

| Maintenance | | | | | |
|---|------------|--------------------|---|--------------------------------|-----------------------------------|
| | Contract # | Contract Length | Compensation Type | Inventory Purchase Requirement | Inventory Maintenance Requirement |
| D1 | BDK23 | 10 years* | Fixed Rate, Cost Reimbursement | Yes | Yes |
| D2 | BDQ17 | 3 years | Fixed Rate, Fixed Price | Yes | Yes |
| D4 | BDS76 | 3 years | Fixed Price, Cost Reimbursement | Yes | Yes |
| | BDS77 | 3 years | Fixed Price, Cost Reimbursement | Yes | Yes |
| D5 | BDS39 | 2 years | Fixed Rate, Cost Reimbursement | Yes | Yes |
| | BDU98 | 3 years | Fixed Rate, Cost Reimbursement | Yes | No |
| D6 | BDS49 | 3 years | Fixed Rate | Yes | Yes |
| D7 | BDR48 | 3 years | Fixed Rate, Cost Reimbursement | Yes | Yes |
| | BDR39 | 5 years | Fixed Price, Fixed Rate | Yes | Yes |
| TP | BDN48 | 3 years 10 months* | Fixed Rate, Cost Reimbursement | Yes | Yes |
| | BDN52 | 3 years 10 months* | Fixed Rate, Cost Reimbursement | Yes | Yes |
| | E8M48 | 1 year | Fixed Price | Yes | Yes |
| | E8M49 | 1 year | Fixed Price | Yes | Yes |
| Operations | | | | | |
| | Contract # | Contract Length | Compensation Type | Inventory Purchase Requirement | Inventory Maintenance Requirement |
| D1 | BDV11 | 5 years | Fixed Rate, Cost Reimbursement | Yes | Yes |
| D2 | BDU86 | 5 years | Fixed Rate, Cost Reimbursement | Yes | Yes |
| D4 | BDQ02 | 5 years | Fixed Rate, Cost Reimbursement | Yes | Yes |
| D5 | BDU74 | 5 years | Fixed Price | No | No |
| D6 | BDJ68 | 8 years* | Fixed Price, Cost Reimbursement | Yes | Yes |
| D7 | BDU25 | 5 years | Fixed Rate, Cost Reimbursement | Yes | Yes |
| TP | C8X77 | 5 years | Fixed Price, Fixed Rate, Cost Reimbursement | Yes | Yes |
| Design, Build, Operations and Maintenance | | | | | |
| | Contract # | Contract Length | Compensation Type | Inventory Purchase Requirement | Inventory Maintenance Requirement |
| D3 | BDL51 | 10 years | Fixed Price | Yes | Yes |

* BDK23 – original contract length 5 years, renewed for 5 years
 * BDN48, BDN52 – original contract length 3 years, renewed 6 months, extended 4 months
 * BDJ68 – original contract length 5 years, renewed for 3 years

APPENDIX G – ITS Compliance with Section 287.058(1)(a-i)

Sections 287.058(1) Compliance for ITS Operations Contracts

Note: District Three utilizes one contract for design, build, operations and maintenance services. It is included in this table for the operations contracts.

| Section 287.058(1) Provisions | | D1 | D2 | D3 | D4 | D5 | D6 | D7 | TP |
|-------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|
| | | BDV11 | BDU86 | BDL51 | BDQ02 | BDU74 | BDJ68 | BDU25 | C8X77 |
| (a) | That bills for fees or other compensation for services or expenses be submitted in detail sufficient for a proper preaudit and postaudit thereof. | Yes |
| (b) | That bills for any travel expenses be submitted in accordance with s. 112.061. A state agency may establish rates lower than the maximum provided in s. 112.061. | Yes |
| (c) | Allowing unilateral cancellation by the agency for refusal by the contractor to allow public access to all documents, papers, letters, or other material made or received by the contractor in conjunction with the contract, unless the records are exempt from s. 24(a) of Art. I of the State Constitution and s. 119.07(1). | Yes |
| (d) | Specifying a scope of work that clearly establishes all tasks the contractor is required to perform. | Yes |
| (e) | Dividing the contract into quantifiable, measurable, and verifiable units of deliverables that must be received and accepted in writing by the contract manager before payment. Each deliverable must be directly related to the scope of work and specify the required minimum level of service to be performed and criteria for evaluating the successful completion of each deliverable. | Yes |
| (f) | Specifying the criteria and the final date by which such criteria must be met for completion of the contract. | Yes |
| (g) | Specifying that the contract may be renewed for a period that may not exceed 3 years or the term of the original contract, whichever period is longer, specifying the renewal price for the contractual service as set forth in the bid, proposal, or reply, specifying that costs for the renewal may not be charged, and specifying that renewals shall be contingent upon satisfactory performance evaluations by the agency and subject to the availability of funds. Exceptional purchase contracts pursuant to s. 287.057(3)(a) and (c) may not be renewed. | Yes |
| (h) | Specifying the financial consequences that the agency must apply if the contractor fails to perform in accordance with the contract. | Yes |
| (i) | Addressing the property rights of any intellectual property related to the contract and the specific rights of the state regarding the intellectual property if the contractor fails to provide the services or is no longer providing services. | Yes |

Sections 287.058(1) Compliance for ITS Maintenance Contracts

| Section 287.058 Provisions | | D1 | D2 | D4 | | D5 | | D6 | D7 | | TP | |
|----------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | BDK23 | BDQ17 | BDS76 | BDS77 | BDS39 | BDU98 | BDS49 | BDR39 | BDR48 | BDN48 | BDN52 |
| (a) | That bills for fees or other compensation for services or expenses be submitted in detail sufficient for a proper preaudit and postaudit thereof. | Yes |
| (b) | That bills for any travel expenses be submitted in accordance with s. 112.061. A state agency may establish rates lower than the maximum provided in s. 112.061. | Yes |
| (c) | Allowing unilateral cancellation by the agency for refusal by the contractor to allow public access to all documents, papers, letters, or other material made or received by the contractor in conjunction with the contract, unless the records are exempt from s. 24(a) of Art. I of the State Constitution and s. 119.07(1). | Yes |
| (d) | Specifying a scope of work that clearly establishes all tasks the contractor is required to perform. | Yes |
| (e) | Dividing the contract into quantifiable, measurable, and verifiable units of deliverables that must be received and accepted in writing by the contract manager before payment. Each deliverable must be directly related to the scope of work and specify the required minimum acceptable level of service to be performed and criteria for evaluating the successful completion of each deliverable. | Yes |
| (f) | Specifying the criteria and the final date by which such criteria must be met for completion of the contract. | Yes |
| (g) | Specifying that the contract may be renewed for a period that may not exceed 3 years or the term of the original contract, whichever period is longer, specifying the renewal price for the contractual service as set forth in the bid, proposal, or reply, specifying that costs for the renewal may not be charged, and specifying that renewals shall be contingent upon satisfactory performance evaluations by the agency and subject to the availability of funds. Exceptional purchase contracts pursuant to s. 287.057(3)(a) and (c) may not be renewed. | Yes |
| (h) | Specifying the financial consequences that the agency must apply if the contractor fails to perform in accordance with the contract. | Yes |
| (i) | Addressing the property rights of any intellectual property related to the contract and the specific rights of the state regarding the intellectual property if the contractor fails to provide the services or is no longer providing services. | Yes |

APPENDIX H – Summary of Contract Monitoring Activities

| Required and Verified Monitoring Activities for Operations Contracts | | | | | | | | | | | | | | |
|--|-------|------------|-----------------------|-----------|-----------------|-----------|----------------|-----------|------------------------|-----------|-------------------------|-----------|---|-----------|
| | | Managed By | Vendor Report Reviews | | On Site Reviews | | Client Surveys | | Other Periodic Contact | | Review of Audit Reports | | Contract Contains Other Monitoring Provisions | |
| | | | Required? | Verified? | Required? | Verified? | Required? | Verified? | Required? | Verified? | Required? | Verified? | Required? | Verified? |
| D1 | BDV11 | FDOT | Yes | Yes | No | N/A | No | No | Yes | Yes | No | No | No | No |
| D2 | BDU86 | FDOT | Yes | Yes | No | Yes | No | Yes | Yes | Yes | Yes | No | Yes | No* |
| D3 ⁵ | BDL51 | FDOT | Yes | Yes | No | Yes | No | Yes | Yes | Yes | Yes | No | Yes | No |
| D4 | BDQ02 | FDOT | Yes | Yes | No | N/A | No | No | Yes | Yes | No | No | No | No |
| D5 | BDU74 | FDOT | Yes | No* | No | No | No | No | Yes | No* | No | No | No | No |
| D6 | BDJ68 | FDOT | Yes | Yes | No | Yes | No | No | Yes | Yes | No | Yes | No | Yes |
| D7 | BDU25 | FDOT | Yes | Yes | No | Yes | No | No | Yes | Yes | No | Yes | No | Yes |
| TP | C8X77 | FDOT | Yes | Yes | No | Yes | No | No | No | Yes | Yes | Yes | Yes | Yes |

*Note- Indicates the contract monitoring activity was required by the contract, but could not be verified as occurring.

Table Legend

Yes- Monitoring activity was verified.

No- Monitoring activity was reported as not occurring.

N/A- Verification of monitoring activity not applicable since ITS management works on site alongside operations and maintenance staff.

⁵ The District Three contract is for design, build, operations and maintenance services.

| Required and Verified Monitoring Activities for Maintenance | | | | | | | | | | | | | | |
|---|-------|---------------------|-----------------------|-----------|-----------------|-----------|----------------|-----------|------------------------|-----------|-------------------------|-----------|---|-----------|
| | | Managed By | Vendor Report Reviews | | On Site Reviews | | Client Surveys | | Other Periodic Contact | | Review of Audit Reports | | Contract Contains Other Monitoring Provisions | |
| | | | Required? | Verified? | Required? | Verified? | Required? | Verified? | Required? | Verified? | Required? | Verified? | Required? | Verified? |
| D1 | BDK23 | FDOT | Yes | Yes | Yes | No* | No | No | Yes | Yes | No | No | No | No |
| D2 | BDQ17 | FDOT | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes | No | Yes | No | No |
| D4 | BDS76 | FDOT | Yes | Yes | No | N/A | No | No | Yes | Yes | No | No | No | No |
| | BDS77 | FDOT | Yes | Yes | No | N/A | No | No | Yes | Yes | No | No | No | No |
| D5 | BDS39 | FDOT | Yes | No* | Yes | Yes | No | No | No | No | No | Yes | Yes | No* |
| | BDU98 | FDOT | Yes | No* | No | Yes | No | No | Yes | No* | No | Yes | No | No |
| D6 | BDS49 | FDOT | Yes | Yes | Yes | Yes | No | No | Yes | Yes | No | Yes | Yes | Yes |
| D7 | BDR48 | FDOT and Consultant | Yes | Yes | No | Yes | No | No | Yes | Yes | No | No | No | Yes |
| | BDR39 | FDOT | Yes | Yes | No | Yes | No | No | Yes | Yes | No | Yes | No | Yes |
| TP | BDN48 | Consultant | Yes | Yes | No | Yes | No | No | Yes | Yes | No | No | No | No |
| | BDN52 | Consultant | Yes | Yes | No | Yes | No | No | Yes | Yes | No | Yes | No | No |
| | E8M48 | Consultant | Yes | Yes | No | Yes | No | No | No | Yes | No | No | No | No |
| | E8M49 | Consultant | Yes | Yes | No | Yes | No | No | No | Yes | No | No | No | No |

*Note- Indicates the contract monitoring activity was required by the contract, but could not be verified as occurring.

Table Legend

Yes- Monitoring activity was verified.

No- Monitoring activity was reported as not occurring.

N/A- Verification of monitoring activity not applicable since ITS management works on site alongside operations and maintenance staff.

APPENDIX I – Management Response

The following response was provided by the Deputy State Traffic Operations Engineer on March 12, 2014:

Audit Finding 1 – The ITS program methodology for projecting funds for costs does not reflect actual expenditures for ITS services.

We concur with the findings and recommendations. The Traffic Engineering and Operations Office will request Executive Board direction on future funding levels of the ITS Program to ensure consistent service to the traveling public statewide.

Audit Finding 2 – Operations and maintenance contract provisions for the ITS program lacked consistency among the districts.

We concur with the findings and recommendations. The Traffic Engineering and Operations Office is currently working on an ITS Maintenance Scope of Services that will create consistent requirements and standards. A draft of that document was released for review and comments in February. A similar ITS Operations Scope of Services will be initiated later this year. Future ITS contracts statewide will be required to conform to the new standards as they are being initiated.

Audit Finding 3 – All 22 contracts did not contain language requiring consultants to comply with Chapter 119, F.S. regarding public records.

We concur with the findings and recommendations. Because all of the 22 contracts evaluated pre-date the new language added to Chapter 119, F.S. in July 2013, this new language is not currently included in the contracts. If these contracts are modified to change any existing terms and conditions, a signed version of the new Public Records Form No. 375-030-61 that details the new changes to Chapter 119 F.S. will be added and made part of the contract document. Any new contracts will use Standard Professional Services Agreement Form No. 375-030-12 or the Contractual Services Standard Written Agreement Form 375-040-19 which both already contain the new Chapter 119 F.S. language.

Audit Finding 4 – Three districts required contract monitoring activities within their contracts and could not verify with documentation that they had been conducted.

We concur with the findings and recommendations. The Traffic Engineering and Operations Office will work with the districts to implement consistent contract monitoring activities to include documentation for verification of the activity. In a meeting held with the districts on 3/3/14, the standard contract monitoring activities that will be performed for maintenance and operations contracts were selected. This requirement will be incorporated into the new Maintenance and Operations Scope of Services.

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

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Under the supervision of:
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Approved by: Robert E. Clift, Inspector General

Statement of Accordance

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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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