



# OFFICE OF INSPECTOR GENERAL

## FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift  
Inspector General

November 21, 2013

District Two Contract Examination  
Contract E2N35  
Attestation Report No. 14C-1001

### **EXECUTIVE SUMMARY**

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The Office of Inspector General (OIG) conducted an examination of Contract E2N35, Supplemental Agreement (SA) 30, between the Florida Department of Transportation (department) and Archer Western Contractors, Ltd. of Jacksonville, Florida. The purpose of the contract was to design and construct or otherwise improve State Road (SR) 9B from US 1 to SR 9A in Duval County. We conducted the examination as part of the OIG's annual audit plan.

The original amount of Contract E2N35 was \$68,473,000. SA 30 added a total of \$5,647,470 to the contract amount.

Our examination indicated the billings associated with SA 30 were adequately supported. In addition, the contract and the associated contract changes resulting from SA 30 were adequately monitored by the District Two Construction Office to ensure compliance with department policies and state regulations.

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## **RESULTS OF EXAMINATION**

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Contract E2N35 was executed on March 3, 2010, between the department and Archer Western Contractors, Ltd. (AWC). The original Design-Build contract was for \$68,473,000 and 881 contract days. This contract was initially entirely financed by federal stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA). However, due to a contract scope change that precluded the use of ARRA funding, SA 30 was completely financed by non-ARRA federal participating highway funds.

The purpose of the SR 9B project was to construct a four lane divided interstate highway that would eventually connect Duval and Saint Johns counties from the 1-295 East Beltway to County Road 2209 (Saint Johns Parkway). This project was divided into three phases. Since SA 30 was only part of the first phase, the scope of this examination was limited to Phase 1. Phase 1, from US 1 (Phillips Highway) north to the 1-295 East Beltway, was completed and opened for motor vehicle traffic on September 20, 2013.

SA 30, executed on September 25, 2012, increased the total contract amount by \$5,647,470 and 173 contract days. This contract change represented an 8.25 percent increase in the original contract amount. The additional costs associated with SA 30 were necessary to compensate the Design-Build firm for revisions to the scope of work requested by the department. The department recognized a future need for additional capacity that included the addition of a full depth highway shoulder (16 foot) in lieu of standard highway shoulders. In addition to upgraded highway shoulders, SA 30 included new pavement markings and guardrail modifications. Pictures of the completed work are shown in Appendix C.

Contract and project-related documentation associated with SA 30 was obtained through the department's Enterprise Information Portal and directly from District Two department personnel. Applicable regulations, policies and procedures were compiled and documented by audit staff. Audit tests were performed to determine compliance with these criteria.

OIG audit staff conducted a site visit to District Two on October 3, 2013. The purpose of the site visit was to meet with project management to gain a better understanding of the project and to view the field site.

Based on this examination, we determined the costs for SA 30 were adequately supported. We also concluded contract provisions related to SA 30 were sufficiently monitored by the District Two Construction Office to reasonably assure conformity with department policies and procedures and state regulations.

## **APPENDIX A – Independent Accountant’s Report**

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We examined AWC’s billings related to SA 30 for Contract E2N35 from March 2010 through August 2013. District Two management is responsible for monitoring the changes to Contract E2N35. 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 AWC’s Contractor’s Cost Estimate Summaries and performing other procedures we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

In our opinion, District Two costs for Contract E2N35, SA 30 were reasonable and allowable for the time period examined.

## **APPENDIX B – Purpose, Scope and Methodology**

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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 E2N35 and SA 30 from March 2010 through August 2013.

Our **methodology** consisted of:

- reviewing applicable laws, rules, regulations and procedures, including Florida Statutes and department publications such as the Construction Projects Administration Manual, 2010 Standard Specifications for Road and Bridge Construction and Design-Build Guidelines;
- examining and testing supporting documentation and management controls, including the Supplemental Agreement, Engineer's Estimate, Entitlement Analysis and other documents used to support contract modifications;
- interviewing appropriate staff; and
- conducting a site visit.

**APPENDIX C – SR 9B Photographs**

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Field site visit photograph of completed highway shoulders, pavement markings and guardrails



Aerial Photo of SR 9B – Phase I



Aerial Map of SR 9B

## **APPENDIX D – Management Response**

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An email was received from Jeffrey Williams, Resident Support Engineer, Palatka Construction Office on November 20, 2013 indicating District Two had no further comments.

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## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **Action Official Distribution:**

Greg Evans, P.E., District Two Secretary

### **Information Distribution:**

Ananth Prasad, P.E., Secretary of Transportation

Jim Boxold, Chief of Staff

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 Two:

Nick Tsengas, P.E., District Two Director of Transportation Operations

Carrie Stanbridge, P.E., District Two Construction Engineer

Jeff Williams, P.E., District Two Resident Support Engineer

### **Project Team:**

Engagement was conducted by Richard Pearson, Auditor in Charge

Under the supervision of:

Natalia Salnova, 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.

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