

Office of Inspector General
Robert E. Clift, Inspector General



District Two Contract E2P12 Examination Report No. 14C-1002

June 10, 2014

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an examination of Contract E2P12, Supplemental Agreement (SA) 6, between the Florida Department of Transportation (department) and Anderson Columbia Company, Inc. of Lake City, Florida. The purpose of the contract was to add lanes and reconstruct approximately 17 miles of SR 200/US 301 from north of Baldwin in Duval County to south of Callahan in Nassau County.

The original amount of Contract E2P12 was \$59,559,000. SA 6 added a total of \$7,118,396 to the contract amount.

Our examination indicated the costs associated with SA 6 were adequately supported. In addition, the contract and the associated contract changes resulting from SA 6 were sufficiently monitored by the District Two Construction Office to ensure compliance with department policies and state regulations.

We conducted the examination as part of the OIG's annual audit plan.

Office of Inspector General
Florida Department of Transportation

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RESULTS OF EXAMINATION

Contract E2P12, for \$59,559,000 and 1,200 awarded contract days, was executed on June 29, 2011, between the department and Anderson Columbia Company, Inc. (ACCI). The purpose of this Design-Build contract was to add lanes and reconstruct SR 200/US 301 from north of Baldwin in Duval County at the point where the future Baldwin by-pass intersects with SR 200/US 301 and continuing about 17 miles to the current four lane highway south of Callahan in Nassau County. An aerial picture of SR 200/US 301 as of December 20, 2013 is shown in Appendix C. The project is expected to be completed in April 2015.

SA 6, executed on May 25, 2012, increased the total contract amount by \$7,118,396 and 0 contract days. This contract change represented a 12 percent increase in the original contract amount. The additional costs associated with SA 6 were necessary to compensate ACCI for utilizing asphalt base in lieu of limerock base for mainline and shoulders where the Seasonal High Water Table is less than two feet from the bottom of the base. The SA also included engineering revisions, additional embankment in areas of asphalt base and increased surety bond costs associated with the contract change. Pictures of completed SA 6 work are shown in Appendix D.

Contract and SA 6 documentation was obtained through the department's Enterprise Information Portal and directly from District Two department personnel. Audit staff analyzed and performed tests on this documentation to ensure that it complied with applicable regulations, policies and procedures. In addition, audit staff conducted a site visit to District Two on March 19, 2014. This visit allowed the auditors to meet with project management and to verify progress of the project to date.

Audit staff were able to identify multiple periodic and ongoing oversight and monitoring processes related to the contract and SA 6. The District Two Construction Office had an extensive contract monitoring system that included Daily Work Reports, Biweekly Construction Progress Meetings, and an asphalt quality control monitoring system.

Based on our examination, we determined the costs for SA 6 were adequately supported. We also concluded the contract changes related to SA 6 were sufficiently monitored by the District Two Construction Office to reasonably assure compliance with state regulations and department policies and procedures.

APPENDIX A – Independent Accountant’s Report

We examined ACCI’s costs related to SA 6 for Contract E2P12 from June 2011 through January 2014. District Two management is responsible for monitoring the changes to Contract E2P12. 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 ACCI’s Periodic Pay Requests 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 E2P12, SA 6 were reasonable and allowable for the time period examined.

APPENDIX B – Purpose, Scope and Methodology

**Office of Inspector General
Florida Department of Transportation**

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 E2P12 and SA 6 from June 2011 through January 2014.

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 – Aerial Photograph of SR 200/US 301



727.520.8181
www.aerophoto.com

SR 200/US 301

Image # 131220 2529
Date 12.20.13

APPENDIX D – SA 6 Site Visit Photographs

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Field Site Photograph - Asphalt Laying



Field Site Photograph - Roller Compacting Asphalt

APPENDIX E – Management Response

Doug Moseley (District 2 Construction Engineer, Lake City Operations) emailed the following Management Response on May 13, 2014:

“OIG Draft Report 14C-1002 regarding construction contract E2P12 has been reviewed by the appropriate construction project staff. At this time, we offer no further comments. The Construction Team/District appreciates the opportunity to comment on the draft report prior to distribution.”

APPENDIX F – Contractor Response

In accordance with Subsection 20.055(5)(e), Florida Statutes, the contracted entity was provided an opportunity to respond to the report.

E. Tony Williams Jr., P.E. (Vice President, Anderson Columbia Co., Inc.) emailed the following Contractor Response on May 27, 2014:

“After review of the attached document, I do concur with the findings.”

**Office of Inspector General
Florida Department of Transportation**

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

Action Official Distribution:

Greg Evans, P.E., District Two Secretary

Information Distribution:

Ananth Prasad, P.E., Secretary of Transportation

Jim Boxold, Chief of Staff

Richard Biter, Assistant Secretary, Intermodal Systems Development

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

Doug Moseley, P.E., Lake City Construction Engineer

Tony Williams, P.E., Vice President, Anderson Columbia Company, Inc.

Project Team:

Engagement was conducted by Richard Pearson, Auditor in Charge

Assisted by: Adrinar Makki, Staff 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.*

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.