

Office of Inspector General

Robert E. Clift, Inspector General 

Examination Report No. 14C-1003
District Five Contract E5R39

August 28, 2014

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an examination of Contract E5R39, Supplemental Agreement (SA) 17, between the Florida Department of Transportation (department) and The Lane Construction Corporation (Lane) of Maitland, Florida. The purpose of the contract was to widen approximately 30 miles of I-95 from SR 406 in Brevard County to 0.5 miles north of SR 44 in Volusia County.

The original amount of Contract E5R39 was \$118,370,000. SA 17 added a total of \$2,520,110 to the contract amount.

Our examination indicated the costs associated with SA 17 were adequately supported. In addition, the contract and the associated contract changes resulting from SA 17 were sufficiently monitored by the District Five Construction Office to ensure compliance with department policies and state regulations.

We conducted the examination as part of the OIG's annual risk assessment.

Office of Inspector General
Florida Department of Transportation

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RESULTS OF EXAMINATION

Contract E5R39, for \$118,370,000 and 1,330 awarded contract days, was executed on August 15, 2012, between the department and Lane. The purpose of this Design-Build contract was to add lanes and rehabilitate pavement on a 30 mile stretch of I-95 from SR 406 in Brevard County to 0.5 miles north of SR 44 in Volusia County. The project is expected to be completed in July 2016.

SA 17, executed on October 28, 2013, increased the total contract amount by \$2,520,110 and 0 contract days. This change is the largest dollar amount SA to date for Contract E5R39. SA 17 was initiated to provide noise abatement by extending an existing sound barrier wall in the Sherwood subdivision and constructing an additional sound barrier wall in American Village and Village of Titusville. Pictures of SA 17 work in progress are shown in Appendix C.

Contract and SA 17 documentation was obtained through the department's Enterprise Information Portal and directly from District Five department personnel. The auditor analyzed and performed tests on this documentation to ensure it complied with applicable regulations, policies and procedures. Additionally, a site visit was conducted to meet with project management and to verify progress of the project to date.

The auditor was able to identify multiple periodic and ongoing oversight and monitoring processes related to the contract and SA 17. The District Five Construction Office had an extensive contract monitoring system that included Daily Work Reports, Biweekly Construction Progress Meetings and an incidental concrete products quality assurance/quality control program.

The examination revealed District Five did not complete a separate Basis of Estimate document as required by the Construction Project Administration Manual (CPAM) Document 7-3-A (Documenting the "Engineer's Estimate," the "Basis for Estimate" and the "Entitlement Analysis" for a Contract Change). However, the required information was already included in the SA 17 Engineer's Estimate. In addition, District Five updated their CPAM document requirements to include a separate Basis of Estimate shortly before the site visit.

Based on our examination, we determined the costs for SA 17 were adequately supported. We also concluded the contract changes related to SA 17 were sufficiently monitored by the District Five Construction Office to reasonably assure compliance with state regulations and department policies and procedures.

APPENDIX A – Independent Accountant’s Report

We have examined Lane’s costs related to SA 17 from August 2012 through April 2014. District Five management is responsible for monitoring the changes to Contract E5R39. 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 Lane’s Monthly Progress Invoices 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 Five costs for Contract E5R39, SA 17 were reasonable and allowable for the time period examined.

APPENDIX B – Purpose, Scope and Methodology

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 E5R39 and SA 17 from August 2012 through April 2014.

Our **methodology** consisted of:

- reviewing applicable laws, rules, regulations and procedures, including Florida Statutes and department publications such as the Construction Project 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 – SA 17 Field Site Photographs



Field Site Photograph – Columns For Sound Barrier Walls Along I-95



Field Site Photograph – Sound Barrier Walls Being Painted

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APPENDIX D – Contractor Response

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

The Lane Construction Corporation's construction project manager responded by email on August 21, 2014 that he had reviewed the report and had no issues.

APPENDIX E – Management Response

The District Five Operations Contracts Manager responded by email on August 4, 2014 that she had no further comments.

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Florida Department of Transportation**

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

Action Official Distribution:

Noranne Downs, P.E., District Five Secretary

Information Distribution:

Ananth Prasad, P.E., Secretary of Transportation

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Robin Naitove, Comptroller

Brian Blanchard, P.E., Assistant Secretary, Engineering and Operations

David Sadler, P.E., Director, Office of Construction

District Five:

Alan Hyman, P.E., District Five Director Of Transportation Operations

John Tyler, P.E., District Five Construction Engineer

Jennifer Smith, District Operations Contracts Manager

Kellideon Agnew, Senior Project Engineer, The Lane Construction Company

Melinda Miguel, Chief Inspector General, Florida

Project Team:

Engagement was conducted by Richard Pearson, Auditor in Charge

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.

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