



# Florida Department of TRANSPORTATION

Office of Inspector General  
Robert E. Clift, Inspector General

A handwritten signature in blue ink, appearing to read "Robert E. Clift", is positioned to the right of the printed name.

Advisory Report No. 14C-6004  
Reynolds, Smith and Hills, Inc.

January 5, 2015

## **EXECUTIVE SUMMARY**

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At the request of the State Highway Engineer's Office, the Office of Inspector General conducted a review to determine whether overtime hours billed to the Department of Transportation (department) for an employee of Traffic Engineering Data Solutions, Inc. (TEDS), a sub-consultant of Reynolds, Smith and Hills, Inc. (RS&H), on Contract C8S79 were allowable in accordance with the terms of the contract. Later, at the request of the Procurement Office, we expanded our review to include other sub-consultants assigned to Contract C8S79.

Based on our review, the overtime billed to the department by RS&H for TEDS and two other sub-consultants, The Valerin Group, Inc. and HDR Engineering, Inc. was in accordance with contract terms.

In connection with our review, we issued a separate memorandum to the Procurement Office on January 5, 2015, to address matters warranting the attention of department management.

Office of Inspector General  
Florida Department of Transportation

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## **BACKGROUND AND INTRODUCTION**

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The State Highway Engineer's Office expressed a concern about overtime hours billed to the department by an employee of TEDS during December 2012. Later, at the request of the Procurement Office, we expanded our review period from October 1, 2012 through December 31, 2013, and included two other sub-consultants, The Valerin Group, Inc. and HDR Engineering, Inc., assigned to Contract C8S79.

Contract C8S79 between Reynolds, Smith and Hills, Inc. and the department was executed on November 12, 2008, with the purpose to support the department in the development of Public Private Partnerships and to provide a wide range of services for design, right-of-way, traffic engineering and operations, construction, maintenance and materials. As of November 2013, the total of the contract was \$19,872,283. The total ceiling amount of the contract is \$40,000,000 and the estimated completion date is November 11, 2018.

## **RESULTS OF REVIEW**

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Our review concluded the overtime billed to the department by RS&H for TEDS, The Valerin Group, Inc. and HDR Engineering, Inc. was based on the approved timesheet hours with overtime authorized in advance by the department when required by Contract Amendment 14, dated August 13, 2013, which states, "All overtime must be authorized in advance in writing by the Department's Project Manager." (*see Purpose, Scope and Methodology in Appendix A*).

Based on our timesheet analysis of the TEDS employee's, recorded hours are higher than others sampled. However, the employee's timesheets were approved by the TEDS supervisor, the RS&H project manager and the department and are allowable per the contract terms.

**APPENDIX A – Purpose, Scope and Methodology**

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The **purpose** of our review was to determine whether overtime billed to the department by RS&H for sub-consultants on Contract C8S79 was allowable in accordance with the terms of the contract. Our primary objective was to determine whether overtime was pre-approved in accordance with the following contract terms.

- Contract Amendment 7, dated February 1, 2012, replaced the original Method of Compensation (Exhibit “B”) and does not address pre-authorization of overtime.
- Contract Amendment 14, dated August 13, 2013, states, “All overtime must be authorized in advance in writing by the Department’s Project Manager.”

The **scope** of the advisory included a review of overtime billings, time cards and invoices billed to RS&H by sub-consultants under Contract C8S79 for the period from October 1, 2012, through December 31, 2013. We selected TEDS, The Valerin Group, Inc. and HDR Engineering, Inc., which represents a 50% sample of sub-consultants who billed the most hours within the noted timeframe.

The **methodology** included:

- reviewing contractual provisions of Contract C8S79;
- reviewing amounts invoiced to the department for billable hours;
- verifying the presence of invoice approvals;
- verifying TEDS employee segregated time between concurrent engagements;
- determining if the number of hours billed by the TEDS employee is abnormal in relation to other subs who invoiced for the same time period;
- identifying potential behavioral changes as a result of the August 13, 2013, Contract Amendment 14 that requires all overtime to be approved by a department supervisor beforehand; and
- performing other procedures.

**APPENDIX B – Consultant Response**

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

The Consultant reviewed the draft report and provided the following response on September 13, 2014: “Thank you for providing the Draft Report for our review and comments. RS&H has no comments to offer on the report as prepared.”

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

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Lisa Robert, Senior Vice President, Reynolds, Smith and Hills, Inc.

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**Project Team:**

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Will Martin, Auditor

Under the supervision of:

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

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