



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift
Inspector General

Fringe Benefit and Employee Leave Rates for FY 2013-2014 Attestation Report No. 14I-6001

September 27, 2013

EXECUTIVE SUMMARY

At the request of the Office of Comptroller (OOC), the Office of Inspector General (OIG) conducted an examination of the Florida Department of Transportation's (department) fringe benefit and employee leave rate schedules for state fiscal year 2013-2014. These rates, to be applied in fiscal year 2013-2014, are based on actual costs incurred in fiscal year 2012-2013 and allocated in accordance with Title 2, Part 225, Code of Federal Regulations, Cost Principles for State, Local and Indian Tribal Governments (2 C.F.R. 225).

The rates proposed by the OOC and examined by the OIG are:

Employee Benefit Rate	62.37%
Employee Leave Rate	19.10%

Based on our examination of the fringe benefit and employee leave rate schedules, we recommend the OOC submit these rates to the Federal Highway Administration (FHWA) for approval.

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RESULTS OF EXAMINATION

A significant amount of the department's expenditures are for federally funded highway construction projects. FHWA uses the prescribed policies and procedures outlined in 2 C.F.R. 225 for reimbursing state highway agencies for allowable administrative and overhead costs. Annually, the OOC develops and proposes rate schedules in accordance with 2 C.F.R. 225.

The rates to be applied in state fiscal year 2013-2014, are based on actual costs incurred in fiscal year 2012-2013. The rates proposed by the OOC and examined by the OIG are:

Employee Benefit Rate	62.37%
Employee Leave Rate	19.10%

Our examination disclosed the fringe benefit and employee leave rate schedules were:

- developed in accordance with 2 C.F.R. 225;
- developed using the methodology established in the OOC's Fringe Benefit and Employee Leave Rate Development Handbook; and
- based on actual amounts and correctly calculated.

Our examination also disclosed the control process for calculating the rate is adequate and reliable.

Based on our examination, we recommend the OOC submit these rates to the FHWA for approval.

APPENDIX A – Independent Accountant’s Report

We have examined the department’s fringe benefit and employee leave rate schedules with the requirements of:

- 2 C.F.R. 225; and
- OOC’s Fringe Benefit and Employee Leave Rate Development Handbook.

Department management is responsible for compliance with these requirements. Our responsibility is to express an opinion on the department’s compliance 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 the OOC’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the OOC complied, in all material respects, with the terms of the governing authorities listed above.

APPENDIX B – Purpose, Scope and Methodology

Section 20.055, Florida Statutes, requires 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 the fringe benefit and employee leave rate schedules were:

- developed in accordance with 2 C.F.R. 225;
- developed using the methodology established in the OOC's Fringe Benefit and Employee Leave Rate Development Handbook; and
- based on actual amounts and correctly calculated.

The purpose also included determining if the control process for calculating the rate is adequate and reliable.

The **scope** of the examination covered fiscal year 2012-2013 financial information associated with the development of fringe benefits rates to be applied in fiscal year 2013-2014.

The **methodology** included procedures to verify the cost information used to calculate the fringe benefit and employee leave rate schedules were accurate. This included:

- reconciling salary costs, benefit costs and leave costs to the department's Closing Trial Balance;
- verifying the over-distributed or under-distributed accumulated costs for the preceding accounting period;
- ensuring the accuracy of the proposed schedules;
- ensuring the fringe benefit and employee leave rates were correctly calculated; and
- evaluating the control process for developing the rate schedules.

APPENDIX C – Management Response

This section reserved for management's response.

From: Evans, Lisa L
Sent: Friday, September 27, 2013 1:39 PM
To: Tessier, Lisa
Cc: Sullivan, Kristofer; Smith, Cameisha; Titoff, Helen; Naitove, Robin M; Williams, David; Weil, Michelle
Subject: RE: Fringe P&T Distribution

No additional comments.

Thank you.

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DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

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Richard Biter, Assistant Secretary for Intermodal Systems Development
David Hawk, Division Administrator, Federal Highway Administration
Ken Harvey, Director, Federal Highway Administration

Project Team:

Engagement was conducted by Cameisha Smith, Audit Team Leader
and Helen Titoff
Under the supervision of:
Intermodal 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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