



Florida Department of TRANSPORTATION

Office of Inspector General

Robert E. Clift, Inspector General 

Audit Report No. 16P-1003
District Six ITS Inventory

July 15, 2016

What We Did

The Office of Inspector General (OIG) conducted an audit of the District Six Intelligent Transportation System's (ITS) adherence to the Department of Transportation's (department) procedural requirements for the proper accountability and reporting of tangible personal property (TPP).

What We Found

We determined the District Six ITS office has made substantial efforts to comply with the Procedure No. 350-090-310, Tangible Personal Property (procedure) requirements for internal controls over TPP. District Six ITS fully complied with three of the four provisions tested in the TPP procedure and has not fully complied with the provision concerning properly tagging and recording items.

Of the 144 items tested (94 preselected and 50 randomly selected onsite):

- 101 items (70%) were appropriately tagged and entered correctly into Florida Accounting Information Resource (FLAIR);
- 2 items (1%) untagged were determined to be exceptions to the procedure;
- 15 items (10%) had incorrect location codes recorded in FLAIR; and
- 26 items (18%) had incorrect serial numbers recorded in FLAIR.

What We Recommend

We informed the District Six ITS Manager of the incorrect location codes and serial numbers during the course of the audit. In response, the District Six ITS office personnel submitted documentation to update FLAIR and provided documentation in response to our preliminary and tentative report documenting completion. We do not have any additional recommendations.

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Florida Department of Transportation

TABLE OF CONTENTS

<u>BACKGROUND AND INTRODUCTION</u>	3
<u>RESULTS OF REVIEW</u>	4
Results of Preselected Sample Testing	4
Results of Onsite Sample Testing	4
Result of Testing Purchases to Physical Inventory and FLAIR	5
Verify Compliance with Tangible Personal Property Procedure	5
Conclusion	5
<u>APPENDIX</u>	
A. Purpose, Scope, and Methodology	6
B. Management Response	7
<u>DISTRIBUTION, PROJECT TEAM, AND STATEMENT OF ACCORDANCE</u>	13

BACKGROUND AND INTRODUCTION

In November 2012, the OIG initiated a three-part engagement to evaluate Intelligent Transportation Systems (ITS) internal controls for the information technology environment, operations and maintenance contracts, and inventory accountability. The OIG issued Audit Report No. 13P-5002a on November 25, 2013, detailing the evaluation of internal controls for the ITS information technology. Audit Report No. 13P-5002b was issued March 14, 2014, detailing the evaluation of internal controls for the ITS operations and field device maintenance contracts. Due to an absence of department procedures regarding ITS Tangible Personal Property (TPP) and inconsistent identification of TPP by all districts, the third part of the engagement was deferred until procedures could be updated and the districts could comply with the procedures.

The department's Procedure No. 350-090-310, Tangible Personal Property (procedure) effective January 14, 2015, defines requirements regarding proper accountability and financial reporting related to all department TPP. The procedure states:

“For control purposes, ITS equipment within a traffic management center (TMC) will be considered tangible personal property and will follow the requirements set forth in this procedure. This equipment will be recorded with the prefix “HW”. The “HW” prefix signifies that this is highway equipment, as opposed to an “NH” prefix, which represents non highway items.” (Section 14)

Additionally, the procedure requires equipment, fixtures, and other TPP of non-consumable and non-expendable nature with a value of \$1,000 or more, plus any exception items, to be entered into FLAIR and include the purchase price, location, and serial numbers. Each block of property numbers are assigned to the Property Delegate in each district, office, or Turnpike Enterprise by the Office of Comptroller, General Accounting Office (OOC-GAO), Property and Insurance Section to prevent duplication of property identification numbers. Each TPP item should be physically identified by a property bar code decal or be assigned an inventory card, if the property cannot practically be identified with a decal. The property bar code decals and inventory cards should include the following information:

- property identification number;
- property description;
- property location; and
- property serial number, if applicable.

Other important requirements of the procedure are completing a physical inventory of all property once a year, conducting a physical inventory of all property when custodians change, and documenting collection of TPP from separated employees.

RESULTS OF REVIEW

We determined District Six ITS office has made substantial efforts to comply with the Procedure No. 350-090-310, Tangible Personal Property requirements for internal controls over TPP. District Six ITS fully complied with three of the four provisions tested in the TPP procedure and has not fully complied with the provision concerning properly tagging and recording items.

Of the 144 items tested (94 preselected and 50 randomly selected onsite):

- 101 items (70%) were appropriately tagged and entered correctly into FLAIR;
- 2 items (1%) untagged were determined to be exceptions to the procedure;
- 15 items (10%) had incorrect location codes recorded in FLAIR; and
- 26 items (18%) had incorrect serial numbers recorded in FLAIR.

The results of our testing are further explained below.

Results of Preselected Sample Testing

The District Six Active Property File contained 500 items, with a value of \$1,000 or greater in three locations, of which we selected and tested a judgmental sample of 94 items, including:

- 72 (15% of total) of the 478 TPP items at the TMC;
- 5 (100%) of the 5 TPP items at Network Access Point (NAP) of the Americas¹;
- 17 (100%) of the 17 items at the South Dade maintenance yard.

We determined all 94 preselected sample items were properly tagged. However, 24 (26%) of the TPP items tested were recorded inaccurately in FLAIR. Of these 24 items, 13 had incorrect location codes, and 11 had incorrect serial numbers.

Results of Onsite Sample Testing

To conduct this test, we judgmentally selected items located within the TMC to determine if they were listed on the Active Property File and met the conditions of the procedure. Based on the population size of 500 items, we selected 50 (10%) items for testing.

We determined 48 of the 50 items tested were tagged and recorded in FLAIR and 2 untagged items were exceptions to the procedures. The 2 items were a conference room table and an office credenza, which were purchased through the building contract. Additionally, 17 (35%) of the 48 were recorded inaccurately in FLAIR. Of these 17 items, 2 had incorrect location codes, and 15 had incorrect serial numbers.

¹ Back-up site for the TMC

Results of Testing Purchases to Physical Inventory and FLAIR

We obtained and reviewed 14 voucher packages² and identified 105 purchased TPP items with a value of \$1,000 or greater. We judgmentally selected 13 (12% of total) items and their corresponding Purchase Management Request (PMR) forms for testing.

We determined all 13 tested TPP items had properly completed PMR forms by District Six ITS. We also verified the district property delegate entered the information for each item into FLAIR.

Verify Compliance with Tangible Personal Property Procedure

We determined the office is making substantial efforts to comply with the Procedure No. 350-090-310, Tangible Personal Property requirements for internal controls over TPP. District Six fully complied with three of the four provisions tested in the TPP procedure.

1. **FLAIR Property Subsystem Annual Inventory:** Verified by the January 5, 2016 Property Inventory Certification Statement.
2. **Physical Inventory Completed for change in Unit Custodian:** There was no change in unit custodian during the test period.
3. **TPP collected from separated employees:** Verified the Notice of Separation form was completed and all assigned items were received from the separated employee.
4. **TPP Items Properly Tagged:** 43 of the 144 items tested did not have a property tag (2 items), or had inaccurate FLAIR location codes (15 items) or serial numbers (26 items). Part of being properly tagged is having accurate information in FLAIR.

Conclusion

We concluded many of the inaccuracies in FLAIR were due to the transposing of the serial numbers in error and/or information on the PMR form was recorded and submitted incorrectly by District Six ITS.

TPP items with inaccurate location codes and inaccurate serial numbers may not accurately reflect the value of department property for insurance coverage in the event of a disaster or loss at a specific location. In addition, incorrect serial numbers may affect the warranty and service coverage provided by the vendor, especially in the event of updating or replacing components within the device.

We informed the District Six ITS Manager of the incorrect location codes and serial numbers during the course of the audit. In response, the District Six ITS office personnel submitted documentation to update FLAIR and correct the inaccuracies. We recommended the District Six ITS Manager monitor to ensure the corrective actions are completed.

² Based on FLAIR expenditure detail for FY 2013/14 and 2014/15.

APPENDIX A – 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 audit was performed as part of the OIG’s mission to promote accountability, integrity, and efficiency for the citizens of Florida by providing objective and timely audit and investigative services.

The **purpose** of the District Six ITS Inventory process was to determine if ITS operations have appropriate controls in place to comply with department standards for inventory accountability and reporting.

The **scope** of this review included all ITS TPP located in TMCs and backup sites.

The **methodology** included:

- Interviewing ITS staff;
- Determining compliance with department procedures for inventory by testing internal controls for tangible personal property including:
 - Completion of required annual inventory;
 - Tangible personal property tagging;
 - Physical inventory performed for changes in unit custodian;
 - Tangible personal property collected from separated employees;
- Verifying accuracy of items recorded in FLAIR by comparing ITS records maintained in the district with records recorded in FLAIR;
- Identifying all tangible personal property purchases for the district and verifying each item was accurately tagged and recorded in FLAIR; and
- Selecting a judgmental sample of tangible personal property items both recorded in FLAIR and at the site locations to evaluate internal controls and compliance with the department’s procedures.

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APPENDIX B – Management Response



MEMORANDUM

TO: Joseph Gilboy

FROM: Javier Rodriguez

SUBJECT: 16P-1003 Preliminary and Tentative Report District Six ITS Inventory Audit

DATE: July 1st, 2016

The FDOT District Six ITS Office concurs with the findings and recommendations in the Audit Report No. 16P-1003.

1. 15 items (10%) had incorrect location codes recorded in FLAIR

The location of the following seven items were corrected in FLAIR.

ITEM NUMBER	LOCATION	DESCRIPTION	SERIAL_NO	Comment/Notes
HW331816	13016949RM143	HP LASER JET P4015N PRINTER	CNDY801986	Property location changed since January 2016 Audit. New property location is TMC room 143
HW972902	13006349RM120	HONDA GENERATOR GAS POWERED W/WHEEL	EBLC-1005740	Property location changed since January 2016 Audit.
HW972903	13006984	HONDA GENERATOR GAS POWERED W/WHEEL	EBLC-1004792	Property location changed since January 2016 Audit.
HW310785	13026068RM6204A	ELITE BOOK 8770	CNU302BLBF	
HW972904	13016026	HONDA GENERATOR GAS POWERED W/WHEEL	EBLC-1004796	Property location changed since January 2016 Audit.
HW310778	13016349RM129	HP Z820 WORKSTATION & MONITOR	2UA2501P22	Property location changed since January 2016 Audit. New property location is TMC room 129
HW310791	13016349RM112	HP 8/4 SAN SWITCH W/24 8GB	USB249U1XF	

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The following eight items were “surplus” and they are no longer shown in the latest CC662 - Active Property report.

ITEM_NUMBER	DESCRIPTION	SERIAL_NO	Comment/Notes
HW394175	HP COLOR LASER JET 8550N	JPLBO26669	Surplus
HW308529	IMPATH NETWORK DECODER- IMPATH	AE3261	Surplus
HW334166	HP SBZ800 WORKSTATION E5620COMPUTER	2UA0250YLS	Surplus
HW331389	HP WS 4600 COMPUTER	2UA8200H7F	Surplus
HW372451	VBRICK SYSTEM SINGLE CHANNEL DECODER	1090600210	Surplus
HW334158	HP SBZ800 WORKSTATION E5620COMPUTER	2UA0250YLT	Surplus
HW331391	HP WS 4600 COMPUTER	2UA8200H7B	Surplus
HW331387	HP WS 4600 COMPUTER	2UA8200H7D	Surplus

2. 26 items (18%) had incorrect serial numbers recorded in FLAIR.

The serial number of the following 24 items were corrected in FLAIR. A new decal was printed and attached to the device.

ITEM NUMBER	LOCATION	DESCRIPTION	SERIAL_NO	
HW308446	13016349RM123	HP Z440 WORKSTATION	2UA5130R7Z	
HW308422	13016349RM123	HP Z440 WORKSTATION	2UA5130R82	
HW308425	13016349RM123	HP Z440 WORKSTATION	2UA5130R8Z	

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HW308421	13016349RM123	HP Z440 WORKSTATION	2UA5130R83	
HW308420	13016349RM128	HP Z440 WORKSTATION	2UA5130R84	
HW308419	13016349RM123	HP Z440 WORKSTATION	2UA5130R85	
HW308445	13016349RM123	HP Z440 WORKSTATION	2UA5130R8B	
HW308442	13016349RM123	HP Z440 WORKSTATION	2UA5130R8F	
HW308441	13016349RM123	HP Z440 WORKSTATION	2UA5130R8G	
HW308435	13016349RM123	HP Z440 WORKSTATION	2UA5130R8N	


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HW308434	13016349RM123	HP Z440 WORKSTATION	2UA5130R8P	
HW308432	13016349RM123	HP Z440 WORKSTATION	2UA5130R8R	
HW308430	13016349RM123	HP Z440 WORKSTATION	2UA5130R8T	
HW308429	13016349RM123	HP Z440 WORKSTATION	2UA5130R8V	
HW339297	13016964	HP NAS	2M210801CT	
HW308393	13016349RM131	HP SB Z820 E5- 2620 1TB 8GB W7P DVR	2UA3331CRJ	
HW308391	13026349RM232	HP SB Z820 E5- 2620 1TB 8GB W7P DVR	2UA3331CRM	


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HW869895	13016964	EQUIPMENT RACK	2UJ731006L	
HW970661	13016026	GENERATOR 8HP EB3800 W/COVER	EAJC1020692	
HW357846	13016964	QUAD CORE XENON PROCESSOR	HXFQCF1	
HW970666	13016026	GENERATOR 8HP EB3800 W/COVER	EAJC-1020694	
HW334156	13026349RM232	HP SBZ800 WORKSTATION E5620COMPUTER	2UA0250YLP	
HW334157	13026349RM232	HP SBZ800 WORKSTATION E5620COMPUTER	2UA0250YPJ	

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HW334161	13026349RM232	HP SBZ800 WORKSTATION E5620COMPUTER	2UA0250YPM	
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The serial number of the following two items were corrected in FLAIR. However, these items were “surplus” and they are no longer shown in the latest CC662 - Active Property report.

ITEM_NUMBER	DESCRIPTION	SERIAL_NO	Comment/Notes
HW334169	HP SBZ800 WORKSTATION E5620 COMPUTER	2UA0250YLR	Surplus
HW334165	HP SBZ800 WORKSTATION E5620 COMPUTER	2UA0250YLK	Surplus

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DISTRIBUTION, PROJECT TEAM, AND STATEMENT OF ACCORDANCE

Official Distribution:

James Wolfe, P.E., District Six Secretary
Debora M. Rivera, P.E., Director of Transportation Operations
Omar Meitin, P.E., District Traffic Operations Engineer
Javier Rodriguez, P.E., TSM&O Program Engineer

Information Distribution

Jim Boxold, Secretary
Mike Dew, Chief of Staff
Brian Blanchard, P.E., Assistant Secretary of Engineering and Operations
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Under the supervision of:
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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
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