



# OFFICE OF INSPECTOR GENERAL

## FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift  
Inspector General

Atkins North America, Inc.  
Advisory Report No. 13C-3002

February 12, 2014

### EXECUTIVE SUMMARY

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As part of the Office of Inspector General's (OIG) annual Audit Plan we individually reviewed the Florida Turnpike Enterprise's five General Engineering Consultants (GEC)<sup>1</sup> to assess if their specific companies' internal controls over their labor charging and timekeeping system are effective, complete and sufficiently detailed to detect time recording and billing errors. Historically, labor costs represent the most significant costs incurred by engineering firms in the performance of government contracts and typically comprise the base used to allocate indirect costs. This report provides the results directly pertaining to Atkins North America, Inc. (Atkins or Consultant).<sup>2</sup>

Our review consisted of assessing the presence and effectiveness of the Consultant's internal controls over labor charging and timekeeping. The Consultant's policies and procedures were reviewed for conformity with recommended criteria as established by the American Association of State Highway and Transportation Officials (AASHTO). We then reviewed information gathered from conducting employee interviews and inspecting timecards to determine consistency with the Consultant's timekeeping policies and procedures.

Based upon our review, we determined the Consultant's internal controls over its labor charging and timekeeping system associated with Florida Department of Transportation (department) contracts are effective, complete and sufficiently detailed to detect time recording and billing errors. Atkins' has instituted adequate measures to safeguard against fraud, waste and significant errors in the labor charging functions. No concerns were noted.

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<sup>1</sup> GEC contracts reviewed: URS Corporation Southern (C8Y59); HNTB Corporation (C8Q39); Parsons Brinckerhoff, Inc. (C8W64); Jacobs Engineering Group, Inc.(C8X77); Atkins North America, Inc. (C8Q53)

<sup>2</sup> Separate reports will be provided for each GEC reviewed.

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## BACKGROUND AND INTRODUCTION

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Under Contract C8Q53, between the department and Atkins, the Consultant is responsible for providing a wide range of engineering, right-of-way acquisition, planning, environmental, architectural, landscape architecture, professional surveying and mapping, technical, management and administrative services to assist in the completion of projects within the Turnpike. The contract is a professional services agreement executed on May 8, 2008, and terminating on December 31, 2013, with a current amount totaling \$100,000,000.

## RESULTS OF REVIEW

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The purpose of our review was to assess the Consultant's internal controls over its labor charging and timekeeping system to determine if they are effective, complete and sufficiently detailed to detect time recording and billing errors. To accomplish our objective, we reviewed the Consultant's timekeeping practices to determine if they were in conformance with AASHTO's recommended criteria for effective internal controls over labor charging.

The AASHTO Uniform Audit and Accounting Guide (AASHTO Guide)<sup>3</sup> states the key link in any sound labor time charging system is the individual employee. The guidance also underscores the importance of management's role in indoctrinating employees on their independent responsibilities for accurately recording time charges and in continually promoting awareness of timekeeping policies and procedures. We reviewed Atkins' policies and procedures over timekeeping to establish whether they were evident, clear-cut and reasonable to ensure employees had no confusion as to what is and is not permissible. To determine if the Consultant has clearly communicated its timekeeping policies to employees, we analyzed employee interview responses and timecards to establish whether they were consistent with the guidance contained in the policies and procedures and whether those directives were uniformly applied and practiced throughout the organization.

Based upon our review, **we determined the Consultant's internal controls over its labor charging and timekeeping system are effective, complete and sufficiently detailed to detect time recording and billing errors.** Employees have been provided access to comprehensive timekeeping policies and procedures and have demonstrated knowledge of, and adherence to, company requirements. Atkins has implemented sufficient measures to safeguard against fraud, waste and significant errors in the labor charging functions. **No concerns were noted.**

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<sup>3</sup> Although use of the AASHTO Guide is not required by Federal law or regulation, most State DOTs expect engineering consultants to comply with minimum procedures and techniques discussed therein. AASHTO criteria referenced in this report were extracted from the Defense Contractor Audit Agency Contract Audit Manual No.7641.90.

Several noteworthy practices were identified during our review:

- Atkins has well-documented and comprehensive policies, and procedures have been established that detail instructions for daily time recording, weekly timecard submittals and approvals, recording direct and indirect time, timecard revisions, unallowable labor charges, total time accounting and employee responsibilities over timekeeping.
- Atkins' timekeeping system allows for the accurate and current recording of labor hours by authorized employees and includes appropriate controls to ensure labor corrections are accurate and authorized.
- Employees are routinely made aware of controls that act as effective deterrents against timekeeping violations. For example, the automated timekeeping system sends alerts, prompts and notifications to remind employees to record time on a daily basis. Failure to properly record time results in penalties such as the removal of system permissions and privileges.
- Atkins has established a system of feedback in which employees can report to management any suspected mischarging or timekeeping violations, with anonymity guaranteed. Matters that cannot be resolved between an employee and the supervisor can be reported to the company Compliance Hotline.

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

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The **purpose** of this engagement was to determine whether the Consultant's internal controls over its labor charging and timekeeping system are effective, complete and sufficiently detailed to detect time recording and billing errors.

The **scope** of the advisory included a review of the internal controls over time reporting for the three-year period beginning January 1, 2010 through December 31, 2012.

The **methodology** included:

- Reviewing the Consultant's policies and procedures over its timekeeping practices to determine if they are well-documented, clear-cut and complete;
- Conducting interviews with employees and supervisors;
- Inspecting a sample of employee timecards; and
- Determining if the guidance contained in the policies and procedures was consistently reflected in the interview responses, management questionnaire and timecards.

To select a sample of employees to interview, we requested a copy of the Consultant's job cost ledger for the period January 1, 2010 to December 31, 2012. Using judgmental sampling methods, we selected a sample of five employees to interview who had been employed by the Consultant for a total of 30 months or more. We also interviewed each employee's current supervisor.

## **APPENDIX B – Atkins North America, Inc. Management Response**

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The following response was received from Matthew T. Lamb, P.E., Program Director, Atkins North America, Inc. on October 31, 2013: “I received the draft audit report that your office prepared and are very happy with the results. We appreciate the opportunity to work with FDOT. Based on the favorable results, we do not have any response or comments to add to the report.”

**APPENDIX C – Turnpike Enterprise Management Response**

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*Operates the statewide  
Turnpike System as  
part of the Florida  
Department of  
Transportation*

RICK SCOTT  
Governor

ANANTH PRASAD, P.E.  
Secretary of Transportation

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DATE: February 6, 2014

TO: Robert E. Clift, Inspector General  
Office of Inspector General

FROM: Diane Gutierrez-Scaccetti   
Executive Director and Chief Executive Officer

SUBJECT: Atkins North America, Inc.  
Advisory Report No. 13C-3002

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We have reviewed Advisory Report No. 13C-3002, and we concur with the findings.

DGS:cms

## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **Action Official Distribution:**

Diane Gutierrez-Scaccetti, Executive Director, Turnpike Enterprise

### **Information Distribution:**

Ananth Prasad, P.E, Secretary of Transportation  
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Carla Perry, P.E., Manager, Procurement Office  
Robin Naitove, P.E., Comptroller, Office of Comptroller  
Jim Boxold, Chief of Staff  
Matthew Lamb, Project Manager, Atkins North America, Inc.

### **Project Team:**

Engagement was conducted by Vanessa Spaulding, Audit Team Leader  
Monica Brown, 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.

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