



Office of Inspector General
Robert E. Clift, Inspector General

Advisory Report No. 17P-8002
Statewide Intelligent Transportation Systems Inventory

March 15, 2017

What We Did

The Office of Inspector General (OIG) conducted audits of Districts One, Two, Four, Five, Six, Seven, and Florida Turnpike Enterprise (Turnpike) 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).¹ We released district-specific audit reports after the completion of each engagement. This report summarizes all ITS TPP property audits.

What We Found

Districts Two, Four, Five, Six, Seven, and Turnpike ITS fully complied with three of the four provisions tested in Procedure No. 350-090-310, Tangible Personal Property (procedure) and had not fully complied with the provision concerning properly tagging and recording items. District One ITS fully complied with two of the four provisions tested in the procedure and had not fully complied with the provisions concerning properly tagging and recording items, or conducting a complete physical inventory for any changes in custodian or custodian's delegate.

We performed inventory testing of 1,287 TPP items statewide:

- 928 items (72%) were appropriately managed:
 - 854 items (67%) were appropriately tagged and entered into Florida Accounting Information Resource (FLAIR);
 - 70 untagged items (5%) were determined not to be ITS TPP; and
 - 4 tagged items (<1%) were determined to be property of another cost center.
- 359 items (28%) were identified with the following discrepancies:
 - 161 items (13%) had incorrect location codes recorded in FLAIR;
 - 96 items (7%) were not tagged and not recorded in FLAIR;
 - 65 items (5%) had incorrect serial numbers recorded in FLAIR;
 - 17 items (1%) were tagged but not recorded in FLAIR;
 - 6 items (<1%) were not tagged but recorded in FLAIR;
 - 4 items (<1%) were improperly tagged and recorded in FLAIR;
 - 3 items (<1%) had incorrect asset tags on equipment;

¹ District Three was not included as part of our scope due to the contractual nature of the district's ITS program.

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- 2 items (<1%) were not located;
 - A 32 inch monitor with a value of \$1,038.25.
 - One piece of a three piece set described as “equipment rack seven and equipment (two pieces)” with a total value of \$30,000.
- 2 items (<1%) were untagged and determined to be exceptions to the procedure;
- 1 item (<1%) had an incorrect asset tag recorded in FLAIR;
- 1 item (<1%) had an incorrect location code and serial number recorded in FLAIR; and
- 1 item (<1%) had an incorrect description recorded in FLAIR.

We also tested a sample of TPP items purchased statewide for fiscal years 2014/2015 and 2015/2016. We determined through a sample of 168 items that 23 items (14%) did not have properly completed Property Management Report (PMR) forms and correct information in FLAIR, and 4 items (2%) with properly completed PMR forms were incorrectly recorded in FLAIR.

What We Recommended in Prior Reports

During the course of the audits, we informed the District ITS Managers of the identified discrepancies and all of the districts started corrective actions during the audit. Four of the seven completed corrective actions prior to release of the final audit report. For Districts One, Two, and Turnpike with corrective actions remaining, we recommended the District ITS Management monitor progress to ensure completion of corrective actions.

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BACKGROUND AND INTRODUCTION

In November 2012, the OIG initiated a three-part engagement to evaluate 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 the Florida Accounting Information Resource (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, 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.

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This Advisory Report is a summary of the ITS Inventory Audits conducted statewide for Districts One, Two, Four, Five, Six, Seven, and Turnpike.

District	Final Report Date
District One	February 13, 2017
District Two	August 11, 2016
District Four	June 27, 2016
District Five	September 30, 2016
District Six	July 15, 2016
District Seven	July 21, 2016
Turnpike Enterprise	February 20, 2017

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RESULTS OF REVIEW

Districts Two, Four, Five, Six, Seven, and Turnpike ITS fully complied with three of the four provisions tested in Procedure No. 350-090-310, Tangible Personal Property (procedure) and had not fully complied with the provision concerning properly tagging and recording items. District One ITS fully complied with two of the four provisions tested in the procedure and had not fully complied with the provisions concerning properly tagging and recording items, or conducting a complete physical inventory for any changes in custodian or custodian's delegate.

Combined Results of Physical Inventory Testing of Possible TPP Items

We tested a total of 1,287 TPP items statewide (842 preselected and 445 selected onsite); 928 items (72%) were appropriately managed and 359 items (28%) were identified with discrepancies. The tables below provide a breakdown of our results.

	D1	D2	D4	D5	D6	D7	TP	Totals	% of 1,287
Total items tested	243	139	177	212	144	152	220	1,287	100%
Preselected	190	95	131	112	94	100	120	842	65%
Selected onsite	53	44	46	100	50	52	100	445	35%

Procedure Provisions Tested by District	D1	D2	D4	D5	D6	D7	TP	Totals	% of 1,287
Total items properly managed with the following variations	197	64	103	136	101	132	195	928	72%
Properly tagged and entered correctly in FLAIR	197	64	100	92	101	132	168	854	67%
Preselected	171	58	59	92	70	90	102		
Selected onsite	26	6	41	44	31	42	66		
Determined not to be ITS TPP	-	-	3	44	-	-	23	70	5%
Preselected	-	-	-	-	-	-	-		
Selected onsite	-	-	3	44	-	-	23		
Determined to be property of another cost center	-	-	-	-	-	-	4	4	<1%
Preselected	-	-	-	-	-	-	-		
Selected onsite	-	-	-	-	-	-	4		

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Procedure Provisions Tested by District	D1	D2	D4	D5	D6	D7	TP	Totals	% of 1,287
Total items identified with the following discrepancies	46	75	74	76	43	20	25	359	28%
Incorrect location code recorded in FLAIR	22	14	72	18	15	10	10	161	13%
Preselected	13	8	71	18	13	6	10		
Selected onsite	9	6	1	-	2	4	-		
Not tagged and not recorded in FLAIR	-	33	-	56	-	6	1	96	7.5%
Preselected	-	2	-	-	-	1	-		
Selected onsite	-	31	-	56	-	5	1		
Incorrect serial number recorded in FLAIR	8	23	1	2	26	3	2	65	5%
Preselected	4	22	1	2	11	3	1		
Selected onsite	4	1	-	-	15	-	1		
Tagged but not recorded in FLAIR	14	-	-	-	-	-	3	17	1%
Preselected	-	-	-	-	-	-	-		
Selected onsite	14	-	-	-	-	-	3		
Not tagged but recorded in FLAIR	-	-	-	-	-	-	6	6	<1%
Preselected	-	-	-	-	-	-	5		
Selected onsite	-	-	-	-	-	-	1		
Improperly tagged and recorded in FLAIR	2	-	1	-	-	-	1	4	<1%
Preselected	2	-	-	-	-	-	1		
Selected onsite	-	-	1	-	-	-	-		
Incorrect asset tag on equipment	-	3	-	-	-	-	-	3	<1%
Preselected	-	3	-	-	-	-	-		
Selected onsite	-	-	-	-	-	-	-		
Not located	-	2 ²	-	-	-	-	-	2	<1%
Preselected	-	2	-	-	-	-	-		
Selected onsite	-	-	-	-	-	-	-		
Untagged and determined to be exceptions to the procedure	-	-	-	-	2	-	-	2	<1%
Preselected	-	-	-	-	-	-	-		
Selected onsite	-	-	-	-	2	-	-		
Incorrect asset tag recorded in FLAIR	-	-	-	-	-	1	-	1	<1%
Preselected	-	-	-	-	-	-	-		
Selected onsite	-	-	-	-	-	1	-		
Incorrect location code and serial number recorded in FLAIR	-	-	-	-	-	-	1	1	<1%
Preselected	-	-	-	-	-	-	1		
Selected onsite	-	-	-	-	-	-	-		
Incorrect description recorded in FLAIR	-	-	-	-	-	-	1	1	<1%
Preselected	-	-	-	-	-	-	-		
Selected onsite	-	-	-	-	-	-	1		

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² Value=\$31,038

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Results of Testing Purchases to Physical Inventory and FLAIR

Properly processing purchased items includes properly completing a PMR form, tagging, and correctly recording information in FLAIR.

We tested a sample of 168 purchased TPP items statewide of which 141 (84%) were properly managed. Twenty-three items (14%) did not have properly completed Property Management Report (PMR) forms and correct information in FLAIR, and 4 items (2%) did have properly completed PMR forms; however, were incorrectly recorded in FLAIR. The table below provides a breakdown of our results.

Results of Testing Purchases

Procedure Provisions Tested by District	D1	D2	D4	D5	D6	D7	TP	Totals	% of Total
Total purchased items tested	30	7	18	23	13	32	45	168	100%
Total items properly managed with the following variations	26	3	18	19	13	27	35	141	84%
Properly completed PMR forms and entered correctly in FLAIR	20	3	18	16	13	27	35	132	79%
Determined not to be ITS TPP	6	-	-	3	-	-	-	9	5%
Total items identified with the following discrepancies	4	4	-	4	-	5	10	27	16%
Did not have properly completed PMR forms	4	4	-	4	-	5	6	23	14%
Had properly completed PMR forms but were incorrectly recorded in FLAIR	-	-	-	-	-	-	4	4	2%

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Verify Compliance with Tangible Personal Property Procedure

We tested four provisions for compliance with the Procedure No. 350-090-310, Tangible Personal Property requirements for internal controls over TPP.

Districts Two, Four, Five, Six, Seven, and Turnpike ITS fully complied with three of the four provisions tested in the procedure. District One ITS fully complied with two of the four provisions tested in the procedure.

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Compliance with procedure provisions per district, complied Yes or No:

Procedure Provisions Tested	D1	D2	D4	D5	D6	D7	TP
FLAIR Property Subsystem Annual Inventory	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Physical Inventory Completed for change in Unit Custodian	No	Yes	Yes	Yes	Yes	Yes	Yes
TPP collected from separated employees	Yes	Yes	Yes	Yes	Yes	Yes	Yes
TPP Items Properly Tagged	No	No	No	No	No	No	No

Conclusion

We concluded the district statewide inaccuracies may have been due to the following:

- items lost;
- items not identified and tagged as ITS TPP;
- item tag, serial, and location numbers entered incorrectly in FLAIR;
- item location codes not updated in FLAIR as changes occur;
- items purchased as part of a building contract, not tagged or recorded in FLAIR;
- item installation after hours when the property delegate was not present;
- PMRs not completed and submitted to the Property Delegate for the request of property tags;
- PMRs not completed accurately or verified before submitting to the Property Delegate for the request of property tags; and
- management unfamiliar with inventory procedure provisions.

During the course of the audits, we informed the District ITS Managers of the identified discrepancies and all of the districts started corrective actions during the audit. Four of the seven completed corrective actions prior to release of the final audit report. For Districts One, Two, and Turnpike with corrective actions remaining, we recommended the District ITS Management ensure completion.

Best Practices for Future Compliance

The following Best Practices were identified, which may help to improve statewide consistency and compliance with the procedure:

- management performing enhanced oversight of Procedure No. 350-090-310, Tangible Personal Property;
- incorporating enhanced security steps of physical access to ITS TPP;
- tagging items to identify if item is ITS TPP or infrastructure;
- including the asset tag number for assigned items on the Notice of Separation Forms for employment changes;
- completing a quarterly or bi-annual in-house inventory in addition to the required

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- annual inventory;
- improving communications between Property Delegate and staff, including department employees and contractors;
 - properly notifying the Property Delegate of changes in item location; and
 - management following up to verify item changes are properly processed.

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. The audits were 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. This Advisory Report is a summary of the district audits statewide.

The **purpose** of the Statewide ITS Inventory report was to compile all of the audit reports from each of the districts statewide, of ITS operations compliance of department standards for inventory accountability and reporting.

The **scope** of this report included a review of compliance with Procedure No. 350-090-310, Tangible Personal Property, effective January 14, 2015, for ITS TPP inventory at the Regional and Satellite Traffic Management Centers statewide for fiscal years 2014/2015 and 2015/2016.

The **methodology** included:

For this report we compiled the results from each of the districts statewide.

For each district we did the following:

- interviewed ITS staff;
- determined compliance with department procedures for inventory by testing internal controls for TPP including:
 - completion of required annual inventory;
 - TPP tagging;
 - physical inventory performed for changes in custodian or custodian's delegate;
 - TPP collected from separated employees;
- verified accuracy of items recorded in FLAIR by comparing ITS records maintained in the district with records recorded in FLAIR;
- identified all TPP for the district and verified each item was accurately tagged and recorded in FLAIR; and
- selected a judgmental sample of TPP 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 – Regional and Satellite Traffic Management Centers

The following Regional Traffic Management Centers (RTMC) aka Traffic Management Centers (TMC) and Satellite Traffic Management Centers (STMC) were the site visit locations:

District	RTMC or STMC	Location
District One	RTMC	SWIFT SunGuide 10041 Daniels Pkwy., Fort Myers, FL
District One	STMC	Sarasota 2101 47 th Terrace East, Bradenton, FL
District Two	RTMC	Jacksonville Urban Office 2198 Edison Ave., Jacksonville, FL
District Two	RTMC Backup	Jacksonville Regional Communication Center 908 N. Jefferson St., Jacksonville, FL
District Two	RTMC Backup	Gainesville 405 NW 39 th Ave, Gainesville, FL
District Four	RTMC	Broward SMART SunGuide 2300 West Commercial Blvd., Fort Lauderdale, FL
District Four	RTMC	Palm Beach SMART SunGuide 2300 N. Jog Rd., West Palm Beach, FL
District Four	RTMC Backup	Fort Pierce Operations 3603 Orleander Ave., Fort Pierce, FL
District Five	RTMC	Orlando 133 South Semoran Blvd., Orlando, FL
District Five	RTMC Backup	Deland 719 South Woodland Blvd., Deland, FL
District Six	RTMC	SunGuide 1000 NW 111 Ave., Miami, FL
District Six	RTMC Backup	NAP of the Americas 50 NE 9 th St., Miami, FL
District Seven	RTMC	Tampa Bay SunGuide 11201 N. McKinley Dr., Tampa, FL
Turnpike	RTMC	Milepost 65, Operations Center Pompano Beach Service Plaza, Pompano, FL
Turnpike	RTMC	Milepost 263, Building 5317 Turkey Lake Service Plaza, Orlando, FL

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STATEMENT OF ACCORDANCE

The department's mission 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 Office of Inspector General's mission 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 Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Please address inquiries regarding this report to the department's Office of Inspector General at (850) 410-5800.