



Florida Department of Transportation

CHARLIE CRIST
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

STEPHANIE C. KOPELOUSOS
SECRETARY

July 17, 2009

Stephanie C. Kopelousos
Secretary
Department of Transportation
605 Suwannee Street
Tallahassee, Florida 32399-0450

RE: **Office of the Auditor General Report No. 2009-093
Operational Audit 2006-2008: Florida Single Audit Act, Innovative Highway
Projects, Follow-up on previous operational audit**

Dear Secretary Kopelousos:

As required by Section 20.055(5)(h), Florida Statutes, attached is the six month status report for the subject audit. The report details the implementation or current status of each recommendation.

If you have any questions, please call me at 410-5823.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Russo".

Ron Russo
Inspector General

RR:hmt

Enclosure

cc: Kathy DuBose, Staff Director
Joint Legislative Auditing Committee

Florida Department of Transportation
Office of Inspector General

Report Title: Operational Audit 2006-2008
Source of Audit: Office of the Auditor General
Report Number: 2009-093

Finding No. 1: Florida Single Audit Act (FSAA)

Improvements were needed in the Department's administration of its responsibilities under the FSAA.

Recommendation: We recommend that the Department take steps to ensure the proper recording of State Financial Assistance (SFA) in Department accounting records and the timely receipt and review of Financial Reporting Packages (FRPs).

Initial Response: We concur. Before this audit took place, we became aware of the object code misclassifications and were taking steps to rectify the situation. The department's single audit procedure is being updated to better explain the encumbering process. Our system administrator is updating the automated checklist so project managers are required to input a Catalog of State Financial Assistance (CSFA) or Catalog of Federal Domestic Assistance (CFDA) number before the system will accept the checklists.

In an effort to receive Financial Reporting Packages (FRPs) more promptly, we are creating a standard "reminder" letter that project managers can forward to recipients. This will document our attempts of securing FRPs from each recipient.

To ensure timely review of FRPs, we have established single audit liaisons in each district. We periodically provide the district liaisons status information of audit reports not yet reviewed. Since beginning this process, we have seen a significant increase in timely reviews of FRPs.

Current Response: We are continuing to work with our single audit liaisons in each district. Routine status information provided to district liaisons helps ensure timely reviews of FRPs and checklist completion.

Estimated Completion Date: August 31, 2009

Florida Department of Transportation
Office of Inspector General

Report Title: Operational Audit 2006-2008
Source of Audit: Office of the Auditor General
Report Number: 2009-093

Finding No. 2: Innovative Construction Techniques – Annual Cap

The Department needs to enhance the procedures used to ensure its compliance with the statutory \$120 million annual cap established for innovative construction techniques. While the procedures should be enhanced, we did find that the Department had not exceeded the annual cap amount.

Recommendation: We recommend the Department revise its procedures for determining compliance with the \$120 million annual cap. Such procedures should specify that the annual amount for innovative projects be determined using actual contract amounts, rather than estimated construction costs.

Initial Response: We concur. The State Construction Office is in the process of writing a procedure to address the use of innovative construction techniques and ensure there is compliance with the statutory \$120 million annual cap statewide.

Current Response: To ensure compliance with the statutory \$120 million annual cap, the State Construction Office incorporated language into its Innovative Contracting Techniques Procedure No. 700-000-025-a which was approved May 21, 2009.

Completion Date: May 21, 2009

Florida Department of Transportation
Office of Inspector General

Report Title: Operational Audit 2006-2008
Source of Audit: Office of the Auditor General
Report Number: 2009-093

Finding No. 3: Other Matters – FLAIR Access

Department procedures did not ensure timely deletion of Florida Accounting Information Resource Subsystem (FLAIR) user access for terminated employees.

Recommendation: We recommend that the Department more closely monitor staff compliance with established procedures for deleting FLAIR access for terminated employees.

Initial Response: We concur. To encourage supervisors' timely notification of employee terminations, we are pursuing a modification to the Department's Notice of Separation/Resignation form 250-005-25. A link to the FLAIR Access Request form 350-090-15 will be added to facilitate notification of termination.

Effective January 6, 2009, all FLAIR Access Control records will be updated to reflect the Employee's People First User ID and Employee Name. The Department will modify its FLAIR Security Procedure to require completion of these new fields on the FLAIR Access Request form. A weekly systematic match will be performed of the People First User ID in the FLAIR Access Control file with the People First User ID in a file of terminated employees. This will catch those employees for whom we did not receive notification of termination.

Current Response: The Separation/Resignation form 250-005-25 was updated, a link to FLAIR Access Request form 350-090-15 was added and the FLAIR Access Control file has also been updated to provide better security. A reminder was sent to staff that the FLAIR Access Security Procedure 350-090-150-i requires supervisors to notify the FLAIR Security Coordinator immediately when an employee terminates or transfers.

Completion Date: January 12, 2009