



*Florida Department of Transportation*

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STEPHANIE C. KOPELOUSOS  
SECRETARY

September 3, 2010

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

RE: **Auditor General Report No. 2010-165**  
**Compliance and Internal Controls Over Financial Reporting and Federal Awards**

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 blue ink, appearing to read "Ron Russo".

Ron Russo  
Inspector General

RR:tw

Enclosure

cc: Kathy DuBose, Staff Director  
Cathy Boyett  
Joint Legislative Auditing Committee  
JLAC@leg.state.fl.us

Florida Department of Transportation  
Office of Inspector General

Source of Audit: Auditor General  
Report Number: 2010-165  
Report Title: Compliance and Internal Controls Over Financial Reporting & Federal Awards

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**Finding No. 1: Noncompliance and Significant Deficiency**

FDOT program managers did not always follow established procedures for reviewing subrecipient audit reports and maintaining project information in the Single Audit Automated System (SAA System).

**Recommendation:** We recommend that FDOT more closely monitor program manager compliance with FDOT procedures.

**Initial Response:** We concur with the finding. Our Single Audit Coordinator will continue to work with the District Liaisons to continue training efforts regarding timely completion of single audit checklists. We conduct routine training and compliance reviews of our districts and program offices. In October of 2009, we conducted Single Audit training in Districts One and Seven, with over 120 in attendance.

An upgrade was recently installed that will require the CFDA or CSFA numbers on a checklists before submission. If those numbers do not self-populate from the FLAIR financial information downloaded into the automated system, they will have to be manually filled in before the checklists can be successfully submitted.

**Current Response:** We have continued our efforts in working with District Liaisons and program managers around the state. Since October of 2009 we have conducted single audit training classes in all seven districts, the State Safety Office and the Commission for the Transportation Disadvantaged. We have also conducted single audit compliance reviews in five of the seven districts; reviewing contract files in each district to assure that program managers are following state and federal regulations and department procedures. In addition to the training, all checklists submitted into the automated are reviewed by the Single Audit Coordinator (SAC) on a daily basis for completeness, accuracy and to ensure expenditures in the financial reporting packages are properly reconciled to expenditures in FLAIR. If checklists are not reconciled correctly, the SAC contacts the program manager to discuss the relevant issues. The SAC deletes the checklists from the SAA System so it may be corrected and re-submitted by the program manager.

**Completed:** Ongoing

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**Finding No. 2: Financial Statements**

FDOT staff made two errors in judgment that resulted in incorrect amounts being reported for the Deposits and Prior period adjustments financial statement line items. Additionally, FDOT incorrectly included in the amount reported as Fund balance reserved for capital outlay the amount transferred to the State's General Revenue Fund in the first quarter of the subsequent fiscal year pursuant to Legislative appropriation.

**Recommendation:** FDOT staff need to ensure that there is appropriate support for reported amounts. FDOT staff also need to be alert to the effect that transactions occurring in a subsequent fiscal year can have on the current year.

**Initial Response:** FDOT concurs with the audit findings and will be more alert to the effects of prior year/subsequent year transactions on current year fund balance. In addition, FDOT will be more cognizant of the effect of transfers to the General Revenue Fund on fund balance reserves. FDOT feels it provided adequate support for the amounts recorded; adjustments to Noncurrent liabilities were recorded based upon a different interpretation of earned/unearned revenue.

**Current Response:** Recommendation implemented.

**Completed:** Implemented as of date of Initial Response.