

**FLORIDA DEPARTMENT OF TRANSPORTATION  
OFFICE OF INSPECTOR GENERAL**

**EXTERNAL AUDIT FINDING 6-MONTH CORRECTIVE ACTION UPDATE**

**Report Number:** 2021-182  
**Issuing Agency:** Auditor General  
**Report Title:** State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards  
**Report Date:** March 2021

**Finding Number:** 2020-027  
**CFDA Number:** 20.205, 20.219, 20.224, and 23.003  
**Program Title:** Highway Planning and Construction Cluster  
**Compliance Requirement:** Subrecipient Monitoring  
**Federal Grant/Contract Number and Grant Year:** Various  
**Statistically Valid Sample:** No  
**Finding Type:** Noncompliance and Significant Deficiency

**Finding:** The FDOT did not always evaluate subrecipient risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward or develop a monitoring plan based on the assessed risk of noncompliance.

**Recommendation:** We recommend that FDOT management ensure that subrecipient risk assessments are completed and a monitoring plan is developed for all active subawards based on an assessed risk of subrecipient noncompliance. Additionally, FDOT management should establish procedures for conducting subrecipient risk assessments and developing monitoring plans for uncategorized subawards.

**Initial State Agency Response:** The Department will fully update its existing procedures so project monitoring controls are clearly enumerated for both LAP and uncategorized subawards. The LAP project specific risk assessment and monitoring plan template implemented February 21, 2019 will continue to be utilized for new LAP subawards. A project specific risk assessment and monitoring plan template for new uncategorized subawards will be developed and implemented by December 31, 2021. Incorporation of uncategorized subawards into Local Programs Office guidance will occur synchronously with planned updates expecting to be complete by fiscal year end 2022.

The Local Program Office acknowledges the following grant award files may not contain project-specific risk assessments and project level monitoring plans:

- 1) Project grants awarded before the Uniform Grant Guidance took effect on December 26, 2014.
- 2) Grants for LAP projects awarded before new guidance published by the Local Program Office took effect on February 19, 2019.
- 3) Grants for uncategorized subawards that were not subject to Local Programs Office guidance prior to January 12, 2021.

The Local Program Office observes that it has worked with the Department's districts, since updating its processes in 2015 in response to the 2 CFR 200 changes, to conduct annual risk assessments at the entity level for local agencies with new LAP projects for the upcoming fiscal year. Many of our local agencies manage multiple LAP projects. At the project level, district managers conduct continuous risk assessments of open projects, in order to ensure Department resources are deployed where most needed at any given time, given the many variables that can affect our projects at any stage. However, certain milestones (such as change orders) go through an in-depth review without exception. For past project files, the Department chooses to accept the risk of not retroactively inserting project specific risk assessments and monitoring plans, since it considers the costs to outweigh the risks given the existence of counterbalancing controls for these projects (i.e., entity-level risk assessments combined with continuous risk assessment of all projects).

**Updated Response:**

The Local Programs Office and OPP have expanded and updated existing guidance for grant managers of 20.205 subawards to local agencies and MPOs to address the issues noted by the finding. FDOT has designated the Local Programs Office as the Central Office program area responsible for establishing oversight procedures for uncategorized district grants awarded under 20.205. On July 13, 2021, the Local Programs Office sent out a formal announcement regarding its new role. The announcement featured a general overview of federal grant management requirements and links to additional resources, including updated procedures. The Local Programs Office is working on updated monitoring plan and risk templates, formalizing guidance in the LAP Manual, and incorporating subrecipient grants into the new project management database 'GAP' to enhance monitoring and track required documents.

**Estimated Completion Date:** June 30, 2022

**Finding Number:** 2020-028  
**CFDA Number:** 20.205, 20.219, 20.224, and 23.003  
**Program Title:** Highway Planning and Construction Cluster  
**Compliance Requirement:** Special Tests and Provisions – Quality Assurance Program  
**Federal Grant/Contract Number and Grant Year:** All  
**Statistically Valid Sample:** No  
**Finding Type:** Significant Deficiency

**Finding:** FDOT records did not always demonstrate that Materials Acceptance and Certification (MAC) system software changes were appropriately approved.

**Recommendation:** We recommend that the FDOT enhance MAC system change management controls to ensure that all changes are appropriately approved.

**Initial State Agency Response:** As of February, 2021, the FDOT Office of Information Technology, Application Services has implemented a modification to the production change process that will prevent this issue from occurring in the future. The approvals for production changes are processed in the Azure DevOps environment. In the prior approval process, the developer would submit the production schedule request, and the Architect would review, approve, and schedule for deployment. After an item had been scheduled for deployment, the Section Manager would provide the final approval before moving to production. In the two cases identified in this report, with prior approval to approve in the absence of the section manager, the Architect approved for both the Architect role and the Section Manager. To prevent any future occurrences, a new approval group has been created in Azure DevOps that includes all Section Managers and Supervisor in Application Services. This group will receive all approval requests from DevOps and can approve the release in the absence of the designated Section Manager. This will ensure all approvals are from a manager or supervisor level.

**Updated Response:** No changes; completed as of date of report.

**Completion Date:** February 2021.

**Finding Number:** AM (Additional Matter) 2020-02  
**Financial Statements**  
**Account Titles:** Net Position – Net investment in capital assets, Net Position -- Unrestricted  
**SW Fund Number** 505501  
**OLO-GF-SF-FID** 550000-50-8-415051  
**GL Codes** 53600 and 53920  
**Adjustment Amount:** \$263,836.361  
**Statistically Valid Sample:** N/A

**Finding:** The FDOT understated Net Position - Net investment in capital assets and overstated Net Position - Unrestricted, when accounting for the completed Palmetto Express Lanes project.

**Recommendation:** We recommend that FDOT management enhance controls to ensure that the Net investment in capital assets calculation is based on all related financial statement amounts recorded for the fiscal year.

**Initial State Agency Response:** We concur. Staff has been reminded of the appropriate procedure for updating Net Investment in Capital Assets in accordance with Governmental Accounting Standards Board rules and Department of Financial Services' Statewide Financial Statement Guidance. Additionally, any post close adjustments to capital assets will be reviewed by the Financial Reporting Administrator to ensure the appropriate net investment entry has also been submitted.

**Updated Response:** No changes; completed as of date of report.

**Completion Date:** February 2021.