



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE MONITORING

Operational Audit

SUMMARY

Our audit of the Department of Transportation (Department) focused on Central Office monitoring processes required by Sections 20.23(3)(a) and 334.048(4), Florida Statutes, and covered the period July 2004 through February 2006, and selected actions taken through July 2006.

Our audit disclosed that the Department did not have written policies and procedures in place to address the monitoring requirements of Sections 20.23(3)(a) and 334.048(4), Florida Statutes.

FINDING AND RECOMMENDATION

Section 20.23(3)(a), Florida Statutes, requires the Department's Central Office to establish departmental policies, rules, procedures, and standards, and to monitor the implementation of such policies, rules, procedures, and standards in order to ensure uniform compliance and quality performance by organizational units that implement transportation programs. In addition, Section 334.048(4), Florida Statutes, requires that the Department's Central Office monitor organizational units that provide transportation programs to assess performance; determine compliance with all applicable laws, rules, and procedures; and provide useful information for Department managers to take corrective action when necessary.

As required by Section 20.23(3)(a), Florida Statutes, the Department has established policies, rules, procedures, and standards to govern the operations of

organizational units that implement transportation programs. The Department created Department Procedure Topic No. 025-020-002-g, Standard Operating System, to establish a uniform system for developing, maintaining, and providing access to the Department's procedural documents (policies, procedures, directives, standards, manuals, and guidelines).¹ The combination or collection of these documents is known as the Department's Standard Operating System.

As indicated above, both Sections 20.23(3)(a) and 334.048(4), Florida Statutes, require that in addition to establishing policies, rules, procedures, and standards, the Department's Central Office is to monitor the extent of organizational unit compliance with all applicable laws, rules, policies, procedures, and standards and to assess performance. We noted that the Department had adopted Department Procedure Topic No. 260-010-002-a, Quality Assurance Review Process, effective January 20, 1994, which established uniform requirements and guidelines for conducting the quality assurance monitoring process. However, Department management indicated that this Quality Assurance Review Process Procedure was discontinued in April 2003.

In response to audit inquiry, Department management indicated that the Department had been in the process (since 1998) of defining and mapping Department

¹ The policies, procedures, and manuals can be viewed by Office/Section, title, and number through the Department's Web site (www.dot.state.fl.us/proceduraldocuments/).

processes and establishing for those processes performance goals and targets, and that the Department's monitoring efforts had been focused on comparing actual results to those performance goals and targets. As an example, a performance goal established for the Office of Work Program was to improve leadership effectiveness, with an established target of training 100 percent of all supervisors. With respect to this target, monitoring consisted of tracking the percentage of supervisors trained.

The Department's described approach to monitoring does not provide assurance that laws, rules, policies, procedures, and standards, established for the purpose of controlling risk to the accomplishment of established goals and targets, including those goals and targets related to compliance with governing laws, regulations, rules, and grantor restrictions, are being followed. As a result, this monitoring approach does not fulfill the requirements of Sections 20.23(3)(a) and 334.048(4), Florida Statutes.

Recommendation: We recommend that the Department adopt and implement policies and procedures to address the monitoring requirements of Sections 20.23(3)(a) and 334.048(4), Florida Statutes.

OBJECTIVES, SCOPE, AND METHODOLOGY

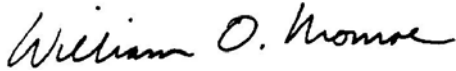
Our audit for the period July 2004 through February 2006, and selected actions taken through July 2006, focused on the monitoring processes required by Sections 20.23(3)(a) and 334.048(4), Florida Statutes. Our objectives were to:

- Evaluate the effectiveness of established internal controls in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- Evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.

Our methodology included interviewing Department personnel, reviewing policies, procedures, and processes, and performing various other procedures as deemed necessary in the circumstances.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA
Auditor General

MANAGEMENT RESPONSE

In a letter dated November 30, 2006, the Secretary of the Department concurred with our finding and recommendation. The letter is included in its entirety at the end of this report as Appendix A

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was conducted in accordance with applicable *Generally Accepted Government Auditing Standards*. This audit was performed by David Wussler, CPA, and supervised by Michael E. McCloskey, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, via e-mail at davidvick@aud.state.fl.us or by telephone at (850) 487-9100.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone ((850) 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

APPENDIX A
MANAGEMENT RESPONSE



Florida Department of Transportation

JEB BUSH
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

DENVER J. STUTLER, JR.
SECRETARY

November 30, 2006

Mr. William O. Monroe, CPA
Auditor General
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

Thank you for the opportunity to review and respond to the preliminary and tentative audit finding and recommendation included in your operational audit entitled *Central Office Monitoring*. The one finding and our response is as follows:

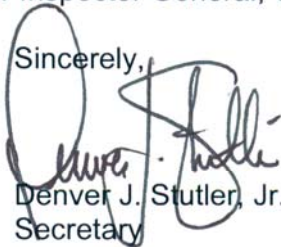
Recommendation:

We recommend that the Department adopt and implement policies and procedures to address the monitoring requirements of Sections 20.23(3)(a) and 334.048(4), Florida Statutes.

Response:

The Department concurs with this recommendation. It is the Department's intent to replace the existing quality assurance procedure with a quality assurance/quality control policy. A proposed policy, which addresses the issues noted in the audit report, is currently going through the Department's formal review process.

Thank you for the opportunity to comment on the audit recommendation. If you have any questions, please contact our Inspector General, Cecil Bragg, at 410-5823.

Sincerely,

Denver J. Stutler, Jr., P.E.
Secretary

CTB:hmt