



Motor Carrier Safety Assistance Program Grant Audit Report 201213-11

June 28, 2013

Executive Summary

The U.S. Department of Transportation Federal Motor Carrier Safety Administration provides financial assistance through grants and cooperative agreements, including the Motor Carrier Safety Assistance Program. The Motor Carrier Safety Assistance Program provides financial assistance to states in an effort to reduce the number of commercial motor vehicle-related crashes, fatalities and injuries. A Motor Carrier Safety Assistance Program grant of \$10,444,565 was awarded to the Florida Department of Transportation Office of Commercial Motor Vehicle Enforcement to conduct safety programs from April 1, 2011 through September 20, 2012. The grant is a matching grant with the U.S. Department of Transportation Federal Motor Carrier Safety Administration providing \$8,355,652 (80%) and the state providing matching funds of \$2,088,913 (20%).

The Florida Legislature transferred the Office of Commercial Motor Vehicle Enforcement from the Florida Department of Transportation to the Florida Department of Highway Safety and Motor Vehicles in July 2011. On June 30, 2011, the Florida Department of Transportation requested the grant lead agency be amended to the Department of Highway Safety and Motor Vehicles.

The Grants Administration Office within the Office of Performance Management serves as the point of coordination for all grant funded projects and initiatives; it provides oversight to ensure all grant funded projects comply with grantor requirements, state and federal laws and Executive Leadership Team guidance.

For the period July 2011 through September 2012, management of the Commercial Vehicle Enforcement Motor Carrier Safety Assistance Program grant was examined. A detailed review of grant expenditures including over 800 invoices totaling approximately \$1.2 million was conducted for the period July 2011 through March 2012. Grant expenditures were in compliance with the grant agreement; however, we identified the following:

- Purchases made by Department members with MCSAP funding lacked required receipting, approval and supporting documentation, and were not submitted timely.

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- Services were procured without a required Purchase Request, in violation of the Department's Purchasing Policy and Procedure.
- Grant expenditure documentation was not maintained in compliance with the Federal Motor Carrier Safety Administration's Grants Management Manual and Department Policy.

Background and Introduction

The U.S. Department of Transportation Federal Motor Carrier Safety Administration (FMCSA) provides financial assistance through grants and cooperative agreements, including the Motor Carrier Safety Assistance Program (MCSAP). The MCSAP provides financial assistance to states in an effort to reduce the number and severity of crashes and hazardous materials incidents involving commercial motor vehicles (CMV). FMCSA hopes to reduce CMV-involved crashes, fatalities and injuries by investing in appropriate safety programs and increasing the likelihood that safety defects, driver deficiencies and unsafe motor carrier practices are detected and corrected before contributing to crashes. The MCSAP also promotes the adoption and uniform enforcement of safety rules, regulations and standards for both interstate and intrastate motor carriers and drivers.

The Florida Department of Transportation was awarded a \$10,444,565 MCSAP grant to conduct safety programs from April 1, 2011, through September 30, 2012. The grant is a matching grant with FMCSA providing \$8,355,652 (80%) and the state providing \$2,088,913 (20%) of matching funds.

The Florida Legislature transferred the Office of Commercial Motor Vehicle Enforcement from the Florida Department of Transportation to the Florida Department of Highway Safety and Motor Vehicles (Department) in July 2011. On June 30, 2011, the Florida Department of Transportation requested the grant lead agency be amended to the Department of Highway Safety and Motor Vehicles.

The grant provides funds for the Florida Highway Patrol's Office of Commercial Vehicle Enforcement (CVE). Grant funds are used for maintaining CVE trooper salaries and knowledge through training. Grant funds are also utilized for travel, uniforms, equipment, equipment maintenance, office rentals, utilities and supplies required to achieve the goals of the MCSAP grant.

The Grants Administration Office (GAO) within the Office of Performance Management serves as the point of coordination and knowledge for all grant funded projects and initiatives within the Department. The GAO provides oversight of the grant portfolio and ensures all grant funded projects comply with grantor requirements, state and federal laws, and Executive Leadership Team guidance.

Select personnel in Fleet and Property Management, Information Systems Administration, Florida Highway Patrol, Purchasing, and the GAO are allowed to make grant procurements. Procurement of goods and services are made and tracked through My Florida Market Place (MFMP), the State of Florida's official procurement website and electronic purchasing system. Invoices received from vendors are uploaded into MFMP. Each invoice is reviewed by the Bureau of Accounting, Account Payables section and prepared for payment. The information is then sent to the Chief Financial Officer (CFO) for payment.

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Florida Highway Patrol troops throughout the state that participate in MCSAP grant enforcement campaigns provide reports to the Office of Performance Management outlining the type and number of traffic citations issued for the individual enforcement campaigns. Trooper's hours used in conducting MCSAP grant activities are recorded in People First. The Department's Bureau of Accounting uses People First to prepare a report of the personnel and personnel hours utilized for MCSAP grant activities.

During the management of the grant, the Department is subject to responsibilities outlined in FMCSA's Grants Management Manual. FMCSA encourages the Department to prepare systems and processes to ensure proper use of grant funds in the Post Award Grantee Responsibilities section of FMCSA's Grants Management Manual. Grant reporting and oversight ensures the terms and conditions of grant awards are fulfilled and grant activity occurs as planned in the grant award. The Department is responsible for reporting the performance and financial progress of the grant.

The Performance Progress Report, the Federal Financial Report and the Request for Reimbursement form including the vouchers with appropriate backup documentation must be submitted in an accurate, complete and timely fashion for each quarter to FMCSA. The GAO reviews Florida Highway Patrol reports on grant activities to prepare the Performance Progress Report and the Department's Bureau of Accounting prepares the Federal Financial Report and the Request for Reimbursement forms. The reporting package is reviewed and approved by the Department's Chief of Staff and submitted to FMCSA by the Bureau of Accounting.

At the conclusion of the grant, the Department must submit the reporting package within 90 days, account for the required cost sharing and correct any areas of non-compliance.

Findings and Recommendations

For the period July 2011 through September 2012, management of the CVE MCSAP grant was examined. A detailed review of grant expenditures, including over 800 invoices totaling more than \$1.2 million, was conducted for the period July 2011 through March 30, 2012. Grant expenditures were in compliance with the grant agreement; however, we identified the following issues with the management of the MCSAP grant that require management attention.

Incomplete Documentation and Untimely Submittal of Invoices

Section 215.422, F. S., states an invoice submitted to an agency shall be approved for payment by the agency, and filed with the Chief Financial Officer no later than 20 days after receipt of the invoice and receipt, inspection and approval of the goods or services. Governmental agencies that make payment for goods and services after the specified time frame are required to pay interest to the vendor on the unpaid balance.

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Section 215.422, F. S., also states each agency shall keep a record of the date of receipt of the invoice and dates of receipt, inspection and approval of the goods, and services.

During our review, we noted that 124 of the 887 (14%) invoices were not submitted timely to the CFO for payment, ranging from 1 to 110 days late. Additionally, we identified invoices missing approval and receipt signatures, missing invoice receipt dates, and missing documentation for the receipt of goods and services.

Finding 1

Purchases made by Department members with MCSAP funding lacked required receipting, approval and supporting documentation, and were not submitted timely.

Recommendations

We **recommend** the following:

- FHP ensure personnel with procurement responsibilities comply with statutory and Department procurement requirements; and
- The Bureaus of Accounting and Purchasing and Contracts ensure adequate procurement training, guidance, and oversight is provided to Department members who make procurements.

Management Response – Florida Highway Patrol

FHP concurs with the finding.

To ensure statutory and Departmental procurement requirements are met, and in the interest of efficiency and consistency, the FHP has filled two Office Operations Consultant positions. The Office Operations Consultant positions are for Troop I and J, and are responsible for procurement responsibilities for MCSAP and other state funded purchases.

The Troop I and J Office Operations Consultants have received training from the DHSMV Bureaus of Accounting and Purchasing and Contracts, which will enable these personnel to comply with statutory and Department procurement requirements.

Management Response – Division of Administrative Services

The Bureau of Purchasing and Contracts (BPC) provides members with training opportunities, which include easy access to the Department's Purchasing Policy and Procedures, and online and in-person trainings.

When a new user is added to MyFloridaMarketPlace (MFMP) and needs training, they are provided links to the Department of Management (DMS) Services training environments and a current schedule of in-person training sessions offered thru DMS. Additionally, when requested, the BPC provides one-on-one trainings with individual users to walk them through the basics or advanced components of the system. The BPC is always available for questions and to provide assistance for any procurement need.

When a purchase requisition is received by the BPC for an after-the-fact purchase (confirming order) for a service at or above \$2,500.00, per Department policy, a settlement agreement is required to be signed by the vendor and the Department. Effective immediately, if a confirming purchase requisition is received by the BPC for a commodity or a service at or above \$2,500.00, a memo from the Division Director or their delegate is required. The memo shall be addressed to the Chief of Purchasing and Contracts. It shall state that they are aware of the purchase and that they will communicate with their staff to ensure that it will not happen again.

Purchase Request

The Department's Purchasing Policy and Procedure Manual provides the requirements for procurement of goods and services. The procurement of goods and services should originate with a Purchase Request.

During our review of vouchers, we noted ISA personnel entered into an agreement with a provider of software support personnel for July 2012 without a purchase request in place. After the provider demanded payment from the Department, the Department entered into a Settlement Agreement for over \$11,000 on September 6, 2012.

Finding 2

Services were procured without a Purchase Request as required in the Department's Purchasing Policy and Procedures Manual.

Recommendation

We **recommend** Information Systems Administration personnel procure goods and services in compliance with the Department's Purchasing Policy and Procedures Manual.

Management Response – Information Systems Administration

ISA concurs with the finding.

While we agree a minor lapse of contracted service occurred outside actual procurement of a federal contract, for clarification, ISA Staff did originate and process a

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timely Procurement Request in accordance with the Department's Purchasing Policy Procedural Manual and with direction and oversight from the Department's Procurement Office. Soon after the original process completed, ISA Staff was notified the process for federal versus state procurement requirements differed slightly based upon two different fiscal calendars.

The action to correct all procurement/contracting discrepancies was undertaken by ISA Staff immediately following notification of the differences in process and with guidance from the Department's Procurement Office.

ISA Staff will work closely with the Department's Procurement Office to review the similarities and differences among federal versus state guidelines within the Purchasing Policy and Procedures Manual provided. ISA will continue to coordinate and adhere to guidelines as provided through the Department's Procurement Office.

Grant Documentation

FMCSA's Grants Management Manual Section 6.1.1, *Defining the Grantee Role*, requires the Grantee to submit accurate and complete vouchers with appropriate backup documentation in a timely fashion. Section 6.1.3, *Establishing Grant Files*, requires Grantees to maintain official Grant files to include the following: all administrative documents associated with applying for and fulfilling the grant as well as any documents necessary for record-keeping and audit preparations.

The GAO Grant Management Procedure requires grant managers to organize and maintain all grant records, official correspondence, forms, documents, invoices, budget amendments/modifications, reports, PRs, direct orders, payroll documents, invoices, expense documentation (such as travel) and reimbursement claims in an organized/ tabbed binder and also scans and attaches them in the grants database. As pre-arranged, the grant manager or GAO senior grants advisor files the documents in a safe, secure location.

Although there were no unallowable expenditures noted in our review of invoices, we found instances in which the GAO maintained incorrect or illegible supporting documentation or, in some instances, did not maintain complete supporting documentation. The original documentation provided to OIG staff contained a single voucher used as proof of payment for multiple purchases, a voucher where the payee did not match the payee on the attached invoice, and a single invoice which was used as support for multiple payments on separate vouchers.

The MCSAP Grant Manager is responsible for ensuring the Department maintains accurate and complete documentation to support grant purchases made in compliance with federal and Department requirements.

Finding 3

Grant expenditure documentation was not always maintained in compliance with the FMCSA's Grants Management Manual and Department policy.

Recommendation

We **recommend** the GAO ensure supporting documentation for grant expenditures is maintained by the Department in compliance with requirements established by FMCSA.

Management Response – Grants Administration Office

Grant Managers will be reminded, during annual training conducted by the GAO, of the importance of retaining grant related supporting documentation as required by grantors and applicable procedures. Although, the audit did not disclose any unallowable expenditures, ensuring that such documentation is properly maintained helps demonstrate the Department's accountability and compliance with applicable requirements.

Purpose, Scope, and Methodology

The purpose of this audit was to review the expenditures and management of the Commercial Vehicle Enforcement Motor Carrier Safety Assistance Program Grant.

The scope of this audit is the expenditures and grant management process of the Commercial Vehicle Enforcement Motor Carrier Safety Assistance Program grant from July 1, 2011 through September 30, 2012.

The methodology included:

- Reviewing applicable statutes, rules, manuals, and procedures;
- Interviewing appropriate Department staff;
- Reviewing grant application packages;
- Reviewing grant quarterly performance reports;
- Reviewing grant quarterly vouchers;
- Reviewing grant invoices;
- Reviewing grant expenditures;
- Reviewing Department correspondence with FMCSA; and
- Reviewing grant documentation.

Distribution, Statement of Accordance, and Project Team

Distribution

Julie L. Jones, Executive Director
Col. David Brierton, Director of Florida Highway Patrol

Copies distributed to:

Diana Vaughn, Deputy Executive Director
Terry Rhodes, Chief of Staff
Jim McCallister, Director of Workforce Services
Dave Westberry, Chief Performance Officer
Rob Fields, Director of Information System Administration
Lt. Col. Kelly Hildreth, Director of Florida Highway Patrol Operations
Major Dan Starling, Florida Highway Patrol
Captain Roger Norris, Florida Highway Patrol
Deana Metcalf, Director of Administrative Services

Statement of Accordance

Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate and report on policies, plans, procedures, accounting, financial and other operations of the Department and to recommend improvements.

This audit engagement was conducted in accordance with applicable *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and Principles and Standards for Inspectors General published by the Association of Inspectors General.

Project Team

Engagement conducted by:
Ashlea Whiddon, CIGA, Auditor
Nick Anadiotis, Auditor

Under the supervision of:
David Ulewicz, Audit Director

Approved by:

Julie M. Leftheris, Inspector General

ATTACHMENT 1 – Finding 1 FHP Management Response



Julie L. Jones
Executive Director

2900 Apalachee Parkway
Tallahassee, Florida 32399-0500
www.flhsmv.gov

MEMORANDUM

DATE: June 26, 2013
TO: David Ulewicz, Audit Director
FROM: Colonel David H. Brierton *DHB*
Director, Florida Highway Patrol
SUBJECT: Management Response to the CVE MCSAP Grant (201213-11)

The following is our response to the findings and recommendations presented in the report.

Finding 1

Purchases made by Department members with MCSAP funding lacked required receipting, approval and supporting documentation, and were not submitted timely.

Recommendations

We **recommend** the following:

- FHP ensure personnel with procurement responsibilities comply with statutory and Department procurement requirements; and

Division Response

We concur with this finding and to ensure that statutory and Departmental procurement requirements are met as well as in the interest of efficiency and consistency, the Florida Highway Patrol has filled two Office Operations Consultant positions, one each for Troop I and J who are responsible for procurement responsibilities for MCSAP and other state funded purchases.

The Troop I and J Office Operations Consultants have received training from the DHSMV Bureaus of Accounting and Purchasing and Contracts which will enable these personnel to comply with statutory and Department procurement requirements.

Cc: Julie M. Leftheris, Inspector General

ATTACHMENT 2 – Finding 1 DAS Management Response



Julie L. Jones
Executive Director

2900 Apalachee Parkway
Tallahassee, Florida 32399-0500
www.flhsmv.gov

MEMORANDUM

DATE: June 17, 2013
TO: David Ulewicz, Audit Director
FROM: Division of Administrative Services
SUBJECT: Management Response to the CVE MCSAP Grant (201213-11)

The following is our response to the findings and recommendations presented in the report.

Finding 1

Purchases made by Department members with MCSAP funding lacked required receipting, approval and supporting documentation, and were not submitted timely.

Recommendations

We **recommend** the following:

- The Bureaus of Accounting and Purchasing and Contracts ensure adequate procurement training, guidance, and oversight is provided to Department members who make procurements.

Division Response

The Bureau of Purchasing and Contracts (BPC) provides members with training opportunities, which include easy access to the Department's Purchasing Policy and Procedures, online and in-person trainings.

When a new user is added to MyFloridaMarketPlace (MFMP) and needs training, they are provided links to the Department of Management (DMS) Services training environments and a current schedule of in-person training sessions offered thru DMS. Additionally, when requested, the BPC provides one-on-one trainings with individual users to walk them through the basics or advanced components of the system. The BPC is always available for questions and to provide assistance for any procurement need.

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When a purchase requisition is received by the BPC for an after-the-fact purchase (confirming order) for a service at or above \$2,500.00, per Department policy, a settlement agreement is required to be signed by the vendor and the Department. Effective immediately, if a confirming purchase requisition is received by the BPC for a commodity or a service at or above \$2,500.00, a memo from the Division Director or their delegate is required. The memo shall be addressed to the Chief of Purchasing and Contracts. It shall state that they are aware of the purchase and that they will communicate with their staff to ensure that it will not happen again.

Cc: Julie M. Leftheris, Inspector General

ATTACHMENT 3 – Finding 2 ISA Management Response



Julie L. Jones
Executive Director

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Tallahassee, Florida 32399-0500
www.fhsmv.gov

MEMORANDUM

DATE: June 27, 2013
TO: David Ulewicz, Audit Director
FROM: Grant A. Sellars, Deputy Chief Information Officer
SUBJECT: Management Response to the CVE MCSAP Grant (201213-11)

The following is the **Information Systems Administration (ISA)** response to the findings and recommendations presented in the report. It is our understanding ISA has been asked to respond to Audit Finding 2. Please find the response included below.

Finding 2

Services were procured without a Purchase Request as required in the Department's Purchasing Policy and Procedures Manual.

Recommendation

We **recommend** Information Systems Administration personnel procure goods and services in compliance with the Department's Purchasing Policy and Procedures Manual.

Management Response

We concur with Finding 2.

While we agree a minor lapse of contracted service occurred outside actual procurement of a **federal** contract, for clarification, ISA Staff **did originate and process a timely Procurement Request (PR)** in accordance with the Department's Purchasing Policy Procedural Manual and with direction and oversight from the Department's Procurement Office. Soon after the original process completed, ISA Staff was notified the process for federal versus state procurement requirements differed slightly based upon two different fiscal calendars.

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The action to correct all procurement/contracting discrepancies was undertaken by ISA Staff immediately following notification of the differences in process, and with guidance from the Department's Procurement Office.

ISA Response

ISA Staff will work closely with the Department's Procurement Office to review the similarities and differences among federal versus state guidelines within the Purchasing Policy and Procedures Manual provided. ISA will continue to coordinate and adhere to guidelines as provided through the Department's Procurement Office.

Cc: Julie M. Leftheris, Inspector General
Cc: Robert Fields, Chief Information Officer

ATTACHMENT 4 – Finding 3 GAO Management Response



Julie L. Jones
Executive Director

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www.flhsmv.gov

MEMORANDUM

DATE: June 13, 2013
TO: David Ulewicz, Audit Director
FROM:  David F. Westberry, Chief Performance Officer
SUBJECT: Management Response to the CVE MCSAP Grant (201213-11)

The following is our response to the applicable finding and recommendation presented in the report.

Finding 3

Grant expenditure documentation was not always maintained in compliance with the FMCSA's Grants Management Manual and Department policy.

Recommendation

We **recommend** the GAO ensure supporting documentation for grant expenditures is maintained by the Department in compliance with requirements established by FMCSA.

Division Response

During annual training conducted by the GAO, Grant Managers will be reminded of the importance of retaining grant related supporting documentation as required by grantors and applicable procedures. Although the Inspector General's audit did not disclose any unallowable expenditures, ensuring that such documentation is properly maintained helps demonstrate the Department's accountability and compliance with applicable requirements.

cc: Julie M. Leftheris, Inspector General
Terry Rhodes, Chief of Staff