

FLORIDA DEPARTMENT OF LAW ENFORCEMENT

Office of Inspector General



PROJECT NUMBER: IG-0017

Seaport Security ARRA Grant

FINAL REPORT

August 17, 2011

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**Florida Department of Law Enforcement
Office of Inspector General**

EXECUTIVE SUMMARY PAGE		Audit #IG-0017
AUDIT TITLE: Seaport Security ARRA Grant Audit		Date Issued: August 17, 2011
Responsible Manager: Penny Kincannon, IRM Director	Auditor: Thomas A. Dunne, Senior Management Analyst II	
Background:	<p>In 2009, the Legislature passed HB 7141 (An Act Relating to Seaports Security) which amended Chapter 311 of the Florida Statutes. This bill was passed to improve security at the seaports through enhanced information sharing between Florida's seaports and law enforcement agencies.</p> <p>As Florida's lead agency responsible for ensuring the safety of the state's citizens, visitors, and critical infrastructure from the threat of terrorism, FDLE was given the responsibility to implement and administer the Seaport Access Eligibility Reporting System (SES). The system was to provide:</p> <ul style="list-style-type: none">♦ A centralized, secure method of collecting and maintaining fingerprints, other biometric data, or other means of confirming the identity of persons authorized to enter a secure or restricted area of a seaport.♦ A methodology for receiving and transmitting information to each seaport regarding a person's authority to enter a secure or restricted area of a seaport.♦ A means for receiving prompt notification from a seaport when a person's authorization to enter a secure or restricted area of a seaport has been suspended or revoked.♦ A means to communicate to seaports when a person's authorization to enter a secure or restricted area of a seaport has been suspended or revoked. <p>This information was to be shared with Florida's twelve active seaports: Port of Pensacola, Port of Panama City, Jacksonville Port Authority, Port Canaveral, Port of Fort Pierce, Tampa Port Authority, Port of St. Petersburg, Port Manatee, Port of Palm Beach, Port Everglades, Port of Miami, and Port of Key West.</p> <p>FDLE was to assume responsibility for project management, requirements analysis, design, software development (as needed), hardware/software integration, and implementation of the system. Contract staff were to be hired using Florida's State Term Contract for Information Technology Consulting.</p> <p>In October 2009, FDLE was awarded a \$1,000,000 ARRA grant for the development of SES.</p> <p>The SES was implemented statewide on July 12, 2010. All twelve active seaports were using the system.</p> <p>On May 4, 2011, the Legislature passed HB 283, which deleted provisions in § 311.12, Florida statutes requiring that FDLE administer a statewide seaport access eligibility reporting system. On May 24, 2011, Governor Rick Scott signed the bill into law. The bill, in essence, nullified the SES and FDLE's responsibilities for seaport security. FDLE decommissioned SES on the morning of May 25, 2011.</p> <p>SES was designed to include demographic, photographic, and seaport access eligibility information. SES was also designed to have a separate billing function allowing for its portability to other applications. This billing function allowed for the seaports to send and track maintenance payments to FDLE. FDLE is exploring the option of utilizing this function with FDLE's Firearms Purchase Program to receive and track payments from firearms dealers.</p>	

	<p>It is also possible that SES could be modified and used for other purposes. For instance, there is potential for SES to be used by State agencies who require level two background screenings for prospective employees and volunteers to share the results of those screenings as opposed to conducting, and paying for, new ones.</p>
Scope:	<p>The Seaport Security American Recovery and Reinvestment Act (ARRA) Grant is for the period of October 1, 2009 to June 30, 2011. The audit covered the period of October 1, 2009 through May 31, 2011. A 100% review was conducted of all applicable transactions within that period.</p>
Objectives:	<p>The objectives of this audit were to determine whether:</p> <ul style="list-style-type: none"> ◆ Claims for reimbursement followed procedures in OFA manual and complied with approved grant award criteria. ◆ Reports were filed in accordance with grant deadlines. ◆ Sufficient internal controls were in place to mitigate risks. ◆ Fraud had not occurred, or been detected.
Methodology/ Tasks:	<p>In conducting our audit, members were interviewed including the grant manager, professional accountant supervisor, and project manager. Controls were analyzed and tested, and documents including applicable policies and procedures, the approved grant, expenditure reports, performance reports, invoices, timesheets, and travel documentation were reviewed. The operating procedures were supplemented by the skills and knowledge of the auditor-in-charge.</p> <p>The following specific tasks were performed to accomplish the objectives of the audit:</p> <ul style="list-style-type: none"> ◆ 100% of all transactions, expenditure reports, vouchers, invoices, timesheets, receipts, Statements of Work, resumes, and performance reports were reviewed for the audit period. ◆ Contractual services documentation was reviewed to determine procurement guidelines, which required FDLE to use the State Term Contract for Information Technology Consulting to employ contracted staff. ◆ The approved grant was reviewed to identify the deliverables and requirements. ◆ The grant was compared to contractual agreements (Statements of Work) to determine if contracted staff possessed the knowledge, skills, and abilities to meet the deliverables. ◆ Expenditure reports, vouchers, invoices, timesheets, travel reimbursement requests, and receipts were examined to ensure expenditures were in accordance with grant guidelines. ◆ Grant performance was verified by reviewing the performance reports submitted and observing a "tour" of the end product, the SES system. ◆ OIG staff reviewed 100% of the performance and financial reports submitted during the audit period. <p>This audit was conducted in accordance with the Principles and Standards for Offices of Inspector General (green book) and generally accepted government-auditing standards (yellow book). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.</p> <p>Copies of this audit will be made available for public inspection.</p>

Seaport Eligibility System	<p>OIG staff observed a "tour" of the SES, reviewed a knowledge transfer acceptance form, and reviewed Florida's State Term Contract for Information Technology and solicitations from firms for contracted staff and determined that the following deliverables were met:</p> <ul style="list-style-type: none"> ◆ The SES established a centralized, secure method of collecting and maintaining fingerprints, other biometric data, or other means of confirming the identity of persons authorized to enter a secure or restricted area of a seaport. ◆ The SES established a methodology for receiving from and transmitting information to each seaport regarding a person's authority to enter a secure or restricted area of a seaport. ◆ The SES established a means for receiving prompt notification from a seaport when a person's authorization to enter a secure or restricted area of a seaport has been suspended or revoked. ◆ The SES established a means to communicate to seaports when a person's authorization to enter a secure or restricted area of a seaport has been suspended or revoked. ◆ The demographic, photographic, and authorization information was shared with Florida's twelve active seaports. ◆ FDLE assumed responsibility for project management, requirements analysis, design, software development (as needed), hardware/software integration, and implementation of the system as evidenced by an acceptance of knowledge transfer (from the SES Project Manager to FDLE) signed by FDLE. ◆ The contracted staff met or exceeded the requisite knowledge, skills, and abilities to carry out tasks that would result in deliverables being met. ◆ With the exception of noted findings below, expenditures were in accordance with grant guidelines. ◆ Performance reports were submitted quarterly and financial reports were submitted monthly in accordance with the grant requirements. ◆ Contract staff were hired using Florida's State Term Contract for Information Technology Consulting. More than 100 consulting firms are included in this contract. FDLE solicited proposals from a number of firms and staff were selected based on best value to the State.
Summary of Audit Findings:	<p>A review of expenditure reports and supporting documentation including vouchers, invoices, timesheets, travel reimbursement requests, and receipts noted the following significant findings:</p> <ul style="list-style-type: none"> ◆ Grant related travel expenditures were charged to FDLE's general revenue and operating trust funds as opposed to the grant. ◆ FDLE overpaid \$225.00 for contracted services. ◆ FDLE overpaid \$124.24 for an Avis rental car.

FINDINGS	#IG-0017	ISSUE: # 1 of 3
AUDIT TITLE: Seaport Security ARRA Grant Audit		Date Issued: August 17, 2011
ISSUE:	Issue: Grant related travel expenditures were charged to FDLE's general revenue fund as opposed to the grant.	
FINDING 1.1:	A review of the approved grant showed travel expenses related to grant activities was an allowable expenditure. A total of \$7,192.00 was allocated for travel related expenditures. However, a review of expenditure reports and vouchers for the audit period showed no travel expenses charged to the grant. We verified that grant related travel had occurred. One grant-related trip included travel to the Port of Tampa from June 16, 2010 to June 18, 2010 to develop a user manual and hold a work session with seaport trainers. The cost of that trip totaled \$704.48. Also, travel expenses related to travel performed by two FDLE members to Raleigh, North Carolina (one in May 2010 and another in August 2010) to attend JBOSS for Administrators training were not charged to the grant. The travel costs for these trips totaled \$3,156.19. The aforementioned travel expenses were incorrectly charged to FDLE's General Revenue fund in the amount of \$1,959.10 and to FDLE's Operating Trust Fund in the amount of \$1,901.57. The travel expenses, noted above, should have been charged to the grant as they were grant-related. The amount of travel expenses incorrectly charged to the general revenue and operating trust funds totaled \$3,860.67.	
CRITERIA:	The approved grant allowed for grant-related travel expenditures to be reimbursed.	
CAUSE:	FDLE's IRM used incorrect organization codes on submitted travel reimbursement requests. The travel expenses were grant related and the travel reimbursement requests should have used the Seaports grant organization code.	
EFFECT/RISK:	FDLE General Revenue fund balance was reduced by \$3,323.87 (\$704.48 for travel to the Port of Tampa and \$2,619.39 for travel to Raleigh, NC). FDLE's Operating Trust Fund was reduced by \$536.80 (airfare to Raleigh, NC). This could have caused other FDLE expenditures to not be paid due to insufficient funds.	
RECOMMENDATION:	<p>We recommend that the grant manager notify FDLE OFA of the errors and request that OFA perform a Journal Transfer to correctly charge the grant related travel expenses to the grant, so that FDLE's General Revenue and Operating Trust Funds can be reimbursed.</p> <p>We also recommend that the grant manager revise the grant expenditure reports to reflect travel expenditures.</p> <p>**Note – At the time of this report, all the travel expenses have been correctly charged to the grant.</p>	
MANAGEMENT RESPONSE:	Agree. As noted, travel expenses have been correctly charged to the grant.	
IMPLEMENTATION DATE:	Completed on June 22, 2011.	

FINDINGS	#IG-0017	ISSUE: # 2 of 3
AUDIT TITLE: Seaport Security ARRA Grant Audit		Date Issued: August 17, 2011
ISSUE:	Issue: FDLE overpaid \$225.00 for contracted services.	
FINDING 2.1:	A contracted employee submitted a timesheet to her employer (FDLE contractor) for the period of July 1, 2010 through July 31, 2010. The timesheet reflected 157 hours of actual work on the grant project and 3 hours of "time off." The contractor subsequently invoiced FDLE for 160 hours for the same time period. As the grant only allows reimbursement for actual hours worked, the contractor overbilled FDLE for those 3 hours. The contracted rate of pay was \$75.00 per hour resulting in an overbilling of \$225.00. FDLE OFA incorrectly reimbursed the contractor for the full amount of the invoice.	
CRITERIA:	The approved grant only allows payment to contractors for actual hours worked on the project. There is no provision in the grant that would allow for "time off" taken by contracted employees to be reimbursed.	
CAUSE:	The contractor incorrectly invoiced FDLE for hours that were not associated with the project. OFA did not adequately audit supporting documentation, namely the contracted employee's timesheet, before approving payment.	
EFFECT/RISK:	Overpayment to the contractor resulted in the payment of a disallowable expenditure according to the approved grant. This could result in the grantor, the United States Office of Justice Programs (OJP), disallowing the expenditure or for OJP to seek reimbursement from FDLE. The result could be a net loss of \$225.00 for FDLE.	
RECOMMENDATION:	We recommend that the grant manager notify OFA of the error and seek assistance from OFA in seeking repayment or a credit from the contractor in the amount of the overpayment (\$225.00).	
MANAGEMENT RESPONSE:	<p>Agree. The overpayment was through an invoice associated with purchase order DO1778618. IRM worked with FDLE's Office of Finance and Accounting to secure a credit for the overpayment. The vendor (Kyra InfoTech) provided FDLE with a credit memo and the credit was applied to a payment associated with purchase order DO1869915. This was done because purchase order DO1778618 was closed between the time of the overpayment and release of this report.</p> <p>**Note - The Auditor verified FDLE received the credit and that it was applied to the aforementioned payment associated with purchase order DO1869915.</p>	
IMPLEMENTATION DATE:	Completed on July 18, 2011.	

FINDINGS	#IG-0017	ISSUE: # 3 of 3
AUDIT TITLE: Seaport Security ARRA Grant Audit		Date Issued: August 17, 2011
ISSUE:	Issue: FDLE overpaid \$124.24 for an Avis rental car.	
FINDING 3.1:	An FDLE member traveled to Raleigh, North Carolina from August 15, 2010 through August 20, 2010, to attend JBOSS for Administrators training. This training, including travel, was an allowable expense under the grant. As part of that travel, the FDLE member rented an Avis rental car during the travel period and was charged \$348.14. FDLE has a State Term Contract with Avis which sets the rental rates. The rental rate under the contract in effect at the time of travel only allowed for a rate of \$223.90. OFA paid Avis \$348.14 for the rental car resulting in an overpayment of \$124.24. After OIG staff notified OFA of the overpayment, OFA contacted the member who, in turn, contacted Avis. According to OFA, Avis admitted to overcharging FDLE by using an incorrect rental code.	
CRITERIA:	The Avis state term contract rates in effect on the dates of this travel would have resulted in a charge of \$223.90.	
CAUSE:	OFA did not compare supporting documentation, namely an Avis receipt and travel reimbursement voucher, with the State of Florida/Avis State term contract. Therefore, the overcharge was not recognized.	
EFFECT/RISK:	The overpayment could have resulted in the grantor (United States Office of Justice Programs) disallowing the expenditure and subsequent reimbursement. The net result would require FDLE to pay the difference out of other funds.	
RECOMMENDATION:	We recommend the grant manager notify OFA of the error and seek assistance in securing repayment or a credit from Avis for the amount of the overcharge. **Note – At the time of this report, Avis had issued a refund of \$124.24 to the FDLE car rental common carrier account.	
MANAGEMENT RESPONSE:	Agree. As noted, Avis issued a refund to the FDLE car rental common carrier account.	
IMPLEMENTATION DATE:	Completed on June 9, 2011.	