



The Florida Senate

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Committee on Transportation

REVIEW OF FDOT BUDGET ENTITY - EXECUTIVE DIRECTION AND SUPPORT SERVICES

Statement of the Issue

The prevailing principles considered in planning and developing an integrated, balanced statewide transportation system are: preserving the existing transportation infrastructure; enhancing Florida's economic competitiveness; and improving travel choices to ensure mobility. See s. 334.046(1), F.S. The mission of the Florida Department of Transportation (department) is to provide a safe statewide transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities. See s. 334.046(2), F.S. Using the prevailing principles and considering its mission, the department documents its goals in the Florida Transportation Plan. See s. 334.046(3), F.S. At a minimum and in accordance with s. 334.046(4), F.S., the department's goals address the following:

- Preservation—Protecting the state's transportation infrastructure investment. Preservation includes:
 - Ensuring that 80 percent of the pavement on the State Highway System meets department standards.
 - Ensuring that 90 percent of department maintained bridges meet department standards; and
 - Ensuring that the department achieves 100 percent of the acceptable maintenance standard on the State Highway System.
- Economic Competitiveness—Ensuring that the state has a clear understanding of the economic consequences of transportation investments, and how such investments affect the state's economic competitiveness.
- Mobility—Ensuring a cost-effective, statewide, interconnected transportation system.

The Legislature annually appropriates funds to the department which assists the department in meeting its mission and goals. The annual appropriation of funds by the Legislature to the department is divided into 5 budget entities: Transportation Systems Development; Highway Operations; Executive Direction and Support Services; Information Technology; and Florida's Turnpike Enterprise.

This issue brief will examine the activities, programs, and functions funded by the department's Executive Direction and Support Services budget entity.

Discussion

The budget entity Executive Direction/Support Services provides administrative and support services to assist the department in meeting its mission and goals. The following chart sets forth the activities and additional details about this budget entity.

Activities of the Executive Direction and Support Services Budget Entity

Activity	FY 2007-08 FTE	FY 2008-09 FTE	FY 2009-10 FTE Budget	FY 2007-08 Expenditure	FY 2008-09 Expenditure	FY 2009-10 Budget
Executive Direction	27	28	28	\$3,794,283	\$3,679,741	\$3,768,387
Planning and Budgeting	123	126	119	\$11,024,494	\$10,848,314	\$10,819,454
Finance and Accounting	150	148	148	\$20,135,934	\$21,160,785	\$21,547,336
General Counsel/Legal	62	59	59	\$6,779,155	\$6,774,101	\$6,763,205
Legislative Affairs	6	7	7	\$435,029	\$427,684	\$431,957
Communications/Public Information	24	24	24	\$1,556,437	\$1,527,732	\$1,510,808
Director of Administration	18	18	18	\$2,582,790	\$2,372,984	\$2,524,966
Personnel Services/Human Resources	43	45	47	\$6,156,698	\$6,065,307	\$6,039,807
Training	11	12	10	\$1,125,758	\$1,050,849	\$935,500
Mail Room	8	7	7	\$2,503,998	\$2,337,937	\$1,865,480
Print Shop	16	16	16	\$1,379,365	\$1,647,800	\$1,728,164
Records Management	13	13	13	\$817,955	\$772,066	\$776,057
Property Management	79	80	81	\$11,079,921	\$10,075,658	\$10,390,355
Contract Administration	30	29	29	\$4,046,291	\$3,928,429	\$3,752,145
Procurement	137	136	136	\$7,869,478	\$7,782,351	\$7,800,130
External Affairs	4	5	5	\$652,044	\$633,952	\$613,167
Inspector General	48	47	47	\$3,842,520	\$3,762,666	\$3,794,296
Total	799	800	794	\$85,782,150	\$84,848,356	\$85,061,214

II. Executive Direction

Executive Direction provides the overall leadership and direction for the department. Resources contained in this activity support the department's senior management functions in the districts and central office. These include the offices of the Secretary, Assistant Secretary for Finance and Administration, Assistant Secretary for Intermodal Systems Development, Assistant Secretary for Engineering and Operations, the Executive Director of the Turnpike Enterprise, and District Secretaries and staff.

The department's Executive Committee, which is the policy-making committee of the department, is comprised of the Secretary, the three Assistant Secretaries, the seven District Secretaries, the Executive Director of the Turnpike Enterprise, and other department heads as appointed by the Secretary. The Executive Committee establishes the proposed funding levels, policies, and objectives for the Ten-Year Program and Resource Plan and the Five-Year Finance Plan (including a thirty-six month Cash Forecast Balanced Plan). In addition, the Executive Committee is the department's leadership team and is responsible for managing the department while providing service to transportation customers.

III. Planning and Budgeting

Planning and Budgeting develops the department's Work Program and Agency Legislative Budget Request, monitors the department's highway and public transportation production, and manages the Financial Management System. This activity also provides work program and budget coordination in each of the agency's seven districts and the Turnpike Enterprise.

The Offices of Work Program, Financial Development, and Budget provide guidance for this activity statewide:

- The Office of Work Program (OWP) is responsible for the development, review, and administration of the department's 5 Year Work Program consistent with applicable laws, policies, and procedures. This includes the preparation and presentation of required reports on the Work Program to the Governor's Office, Legislature, and Florida Transportation Commission in accordance with s. 339.135, F.S.

The Office of Work Program is the primary liaison with Federal Highway Administration (FHWA) on matters relating to the financial administration of federally funded projects, develops the department's annual Obligation Authority Plan, and obtains FHWA approval for federal participation in eligible costs on individual transportation projects.

The OWP is responsible for preparing, monitoring, and reporting monthly on the implementation of all major product categories within the department's multi-year work program. Performance and Production Reports are prepared monthly which track actual accomplishments against an annual plan. In addition, this office is responsible for processing plans for all projects let in Tallahassee and coordination with FHWA for the obligation of federal funds and advertisement of projects.

- The Office of Financial Development provides flexible, innovative highway funding strategies for transportation improvements from available revenues. This office develops the overall Program Plan, a ten-year allocation of resources by major program areas which is supported by a ten-year Finance Plan. This office estimates future revenues and builds a business plan for transportation improvements (Work Program) on what is termed a cash-flowed, commitment basis. The office develops and manages innovative finance methods such as the State Infrastructure Bank, bonded debt programs, and Federal credit programs.
- The Budget Office develops and manages the department's budget process.

IV. Finance and Accounting

Finance and Accounting allows the department to fully utilize its financial resources to maximize the work program while protecting the department assets, investments, and liabilities. This activity provides an accounting system to accurately reflect the revenue and expenditures of the department in accordance with Generally Accepted Accounting Principles and a cost accounting system to properly identify, segregate, allocate, and report department costs. This activity provides cash forecasting, funds management, revenue management, disbursements, project costing, federal billing, and financial reporting which are necessary to manage the financial resources and assets and to report on the financial transactions and position of the department.

Within this activity, the Office of Comptroller is responsible for the development, maintenance, and modification of an accounting system which must accurately reflect the revenues and expenditures of the department in accordance with General Accepted Accounting Principles and which include a cost accounting system to properly identify, segregate, allocate, and report department costs in accordance with the Generally Accepted Cost Accounting Standards. In addition, the Office of Comptroller is responsible for preparing detailed forecasts of cash and expenditures, for managing cash and determining cash requirements, for certifying funds are available prior to entering into any contract or binding agreement, and for protecting the department's assets, investments and liabilities. The Office of Comptroller consists of three offices:

- The Disbursement Operations Office administers and manages the department's disbursement process and information and is comprised of the following sections:
 - The Administration section date stamps and distributes invoices, maintains payment voucher files, and mails warrants.
 - The Contract Payment section processes purchase order, utility, purchase card, travel, and employee reimbursements payments.
 - The Disbursement Quality Assurance section conducts quality assurance reviews of the central and district disbursement offices, and develops and maintains disbursement policies procedures, handbooks, and training programs.
 - The Payroll section processes payrolls and leave adjustments.
- The Financial Management Office maximizes the department's financial resources by projecting and monitoring cash and managing federal funds reimbursement, contract funds, and project costs. The financial management office is comprised of the following sections:

- The Contract Funds Management section provides prompt, accurate commitment of funds for all purchase orders and all contractual obligations throughout the department. This section also reviews contract agreements, provides statewide contract funds management training, posts budget entries, and conducts annual quality assurance reviews.
- The Project Cost Management section enhances and maintains the Project Cost Management Information System and its reports in compliance with s. 334.048, F.S. That statute requires the department to implement accountability and monitoring systems to evaluate whether the department's goals are being accomplished efficiently and cost-effectively, and to ensure compliance with all laws, rules, policies, and procedures related to the department's operations. This section also coordinates the reimbursements for FEMA claims.
- The Cash Forecast section is responsible for the financial stability of the department and the department's 5-year work program. The department forecasts monthly cash receipts and disbursements for five, six, and ten year time spans. Since cash balances can vary as much as \$100 million in one day, a reasonable cash balance and accurate forecast are critical. This section also develops the department's Indirect Cost Allocation rates which are updated annually and audited for compliance with federal and state regulations.
- The Federal Projects Administration section is responsible for federal project cost management, federal funds management reporting, Cash Management Improvement Act reports, statewide federal cost training, federal project audits, federal project closures, federal effective rates, federal performance measures, and the weekly federal bill.
- The Systems Support section serves as liaison with the Office of Information Systems and supports all finance, accounting, and financial control systems. The primary statewide financial systems supported are the Financial Management System, the Federal Program Management System, the Project Cost Management System, the Florida Accounting Information Resource System, Accounts Receivable, Personnel Payroll System, and the Departmental Accounting System.
- The General Accounting Office collects, safeguards, and accounts for the department's resources and ensures compliance with relevant requirements. This office is comprised of the following sections:
 - The Revenue Management section is responsible for the deposit of the department's revenue collections and for the daily management of cash and investments in the department's trust funds.
 - The Financial Reporting section is responsible for the reconciliation of the department's accounting records, analysis and presentation of the department's financial information, and maintaining the department's property records and Risk Management Program.
 - The Accounts Receivable and Locally Funded Agreements section is responsible for accounting and the collection of the department's accounts receivable, and administering the department's Locally Funded Agreement receivables and various grants awarded to the department's State Infrastructure Bank.

V. General Counsel/Legal

Resources contained in the General Counsel/Legal activity support the administration of the day-to-day legal operations for the department and provide most of the legal services necessary to enable the department to achieve its mission.

The following is a representative description of the legal activities engaged in by the department's Office of General Counsel:

- Property is acquired for transportation purposes;
- Construction contracts are developed and reviewed and issues addressed during the construction of projects;
- Litigation is prosecuted to collect money from parties who have damaged the department's roadways, bridges, and other facilities by negligent acts;
- Litigation is defended against demands for additional funds from contractors;
- Administrative proceedings are both brought and defended in furtherance of the department's regulatory responsibilities and operations;
- Contracts are negotiated and reviewed; and
- Legal advice is rendered to ensure the department's mission is accomplished in accordance with applicable constitutions, laws, rules, and regulations.

These legal activities assist the department to accomplish the department's work program; provide a safe and efficient transportation system to the traveling public; comply with the requirements of federal and state constitutions; comply with federal, state, and local laws and rules; and to ensure the proper expenditure of public funds.

In order to provide legal services in an efficient manner, the General Counsel's office assigns its attorneys and staff into the following areas: Appellate; General Litigation; Construction Litigation; Eminent Domain; Contract Negotiation and Review; Environmental; Administrative Law; Real Estate Transactions; Claims for Property Damage and Injury; Rail; Utilities; Human Resources; Project Development and Finance; and Procurement.

VI. Legislative Affairs

Resources contained in the Legislative Affairs activity provide a liaison with the Florida Legislature, Congress, and governmental agencies. This supports the review, analysis, coordination, and tracking of changes in federal and state laws, rules, and regulations. One position, stationed in Washington, D.C., provides liaison with Congress and the federal agencies. This provides a point of contact for the handling of a variety of inquiries from the general public and members of the Florida Legislature and Congress, ranging from specific constituent questions and concerns to general transportation-related information.

VII. Communications/Public Information

Resources contained in this activity are used to generate, prepare, and disseminate information. This provides information and responds to inquiries from the general public, the media, other governmental agencies, and department employees concerning department operations and programs.

VIII. Director of Administration

The Director of Administration activity oversees the management of various programs and services within Executive Direction/Support Services budget entity. This includes the department's Director of Administration, who is based in the central office, and the Directors of Transportation Support in the districts and the Turnpike Enterprise.

The Director of Administration activity performs overall leadership and direction of the department by providing Senior Management with leadership and policy development for both the central office, Turnpike Enterprise, and the districts. Each activity that reports to the Director of Administration activity acts as the statewide resource in its subject area of responsibility. The department's Director of Administration activity oversees the statewide policy and administration of the following areas:

- Personnel Services/Human Resources which develops and maintains policies, procedures and processes needed to carry out a comprehensive personnel administration program for the department's employees;
- The Contract Administration activity which advertises and awards road and bridge construction contracts throughout the state;
- The Equal Opportunity Office which supports the department's diversity programs and management of the department's Disadvantaged Business Enterprises and similar supportive programs;
- Procurement which supports the department's Minority Business Enterprise program and coordinates and controls all of the documentary phases leading to and including the award and execution of construction, maintenance, and professional services contracts statewide, as well as the prequalification of contractors and consultants;
- Support Services which operates the central office mail room and administers statewide courier contracts to provide postal services, print shop which provides services to various offices, and records management which serves as a repository for the department; and
- Property management is responsible for all building, leasing, and surplus activities for the department.

IX. Personnel Services/Human Resources

The purpose of this activity is to develop and maintain policies, procedures, and processes needed to carry out a comprehensive personnel administration program for the department. This activity assists managers and supervisors in hiring, training, and retaining qualified individuals to staff the department with the employees needed to carry out the department's mission. This activity further provides guidance and assistance to managers and supervisors in making fair, legal, and defensible decisions in recruiting, hiring, coaching, training, evaluating, paying, promoting, rewarding, disciplining, and dismissing employees. In addition, this activity serves employees by placing them on the payroll, enrolling them in the various benefit programs, processing employee transactions affecting them, answering questions about their employment and benefits, and assisting them in transitioning from their employment.

Program areas include, but are not limited to: recruiting, selection, hiring, pay, benefits, retention, employee development, classification, employee relations, performance appraisal, discipline, grievance resolution, workers compensation, unemployment compensation, retirement, rule and policy interpretation, and employee records.

X. Training

The purpose of the Training activity is to carry out a comprehensive Training and employee development program for the department. This activity provides mandated training to managers and employees, enhances their job skills and value to the state, and allows the department to determine what training needs to be conducted through needs assessments. This activity also provides employees with the necessary skills and knowledge to better perform these jobs.

Program areas include, but are not limited to: employee training, supervisor and management development, training needs assessments, overall agency training plan development, and rule and policy interpretation delivery for critical areas. This activity assists managers and supervisors in training and retaining qualified individuals to staff the department with the employees needed to carry out the department's mission.

XI. Mail Room

The mail rooms throughout the department receive and distribute all incoming and outgoing mail for the districts and central office, and administer various statewide courier contracts to provide postal services for district and central office units.

XII. Print Shop

The Print Shop provides printing, duplicating, copying, and binding services for the districts, the Turnpike Enterprise, and Central Office units, and other state agencies if deemed appropriate. Printing includes the plans and specifications for construction projects.

XIII. Records Management

Resources contained in this activity are used to administer the department's Records Management program. This activity serves as a repository for official correspondence, project files, and reports. This activity also sells and issues publications, manuals, books, maps, plan sets, periodicals, and software, and manages the issuing of multimedia equipment. Additionally, this activity maintains files for general correspondence, project records, and construction contracts.

These activities are utilized by every office of the department and provide support to the core business functions of the department. The Records Management Section stores 75 percent of the department's semi-active and inactive records for various department offices. These records must continue to be retained until they meet retention periods established by law. This office also sells maps and related department publications via the Internet.

XIV. Property Management

The Property Management activity provides safety services, building maintenance, building security, custodial services, disposition of surplus property, space allocations, and agency energy usage. It manages and oversees the central office Fixed Capital Outlay program. The duties and responsibilities include monitoring fire alarm systems, developing emergency procedures, conducting training, and providing building security. The activity also provides electrical, mechanical, plumbing, heating and air-conditioning maintenance, and repair services and performs routine office maintenance services, monitors energy conservation, and performs landscape maintenance. The building custodial services include executing minor moves within the central office building and leased space in the Tallahassee area, collecting recycle material, and administering the department's Surplus Property Program in accordance with state laws and department procedures.

The Property Management activity encompasses the coordination and oversight of the leased office space for central office and the districts including Turnpike Enterprise and Motor Carrier Compliance Office. Within the central office and Tallahassee area, it manages construction and renovation projects, oversees space allocation within the building, manages internal/external office moves, including contracting for all related services, and administers the department's Real Property Lease and Recycling Programs. It also develops and consolidates best practices for the development, operation, and maintenance of state-owned facilities for the benefit of the department.

These activities provide life/safety services for department employees; provide functional work environments that enhance employee productivity; allow cost effective means to dispose of obsolete or unserviceable equipment; and allow the department to obtain leased office space needed to meet operational requirements.

XV. Contract Administration

Resources contained in the Contract Administration activity support the management of the department's disadvantaged business enterprises (DBE) support services and equal opportunity in employment programs.

The purpose of the Disadvantaged Business Enterprise Office is to increase the number of contracts and dollars awarded to small minority and female owned businesses and to comply with equal opportunity requirements of various civil rights programs. These activities are mandated as a condition of receiving funds from the federal government. The contracts relate only to the department's road and bridge program and are awarded directly by the department to contractors and consultants. The DBE Program helps to develop minority and female owned companies so they can compete with non-minorities. The department has an 8.1% race neutral DBE Program approved by the Federal Highway Administration.

The department certifies DBEs and monitors the dollars awarded to DBEs as a prime contractor or a subcontractor. This activity also involves providing assistance and training to DBEs to help them get contracts.

The department must also provide assurances to the federal government that the department and its contractors who receive federal funds provide an equal opportunity in employment (EEO) and various programs serving the public. This involves monitoring the workforce of the department and contractors, investigating any complaints related to civil rights, and providing training on EEO and sexual harassment. The activity allows the department to continue to receive federal funding for the state's highway construction program.

XVI. Procurement

The Procurement activity encompasses support for the department's billion dollar plus construction and maintenance contracting program and for the department's acquisition of goods and services in the Central Office, the Turnpike Enterprise, and the districts.

This activity includes the prequalification of contractors and consultants, coordination and control of all documentary phases leading to and including the award and execution of construction and maintenance contracts statewide, and monitoring independent and objective information regarding the competitive market environment relating to the department's construction and maintenance contracts.

The department purchases numerous supplies and services including road materials, construction materials, and products and services related to highway, road, and bridge construction which are essential in accomplishing the department's mission. In addition, the department acquires the services of professional consultants (engineering, architecture, landscape architecture, surveying, mapping, planning, and right of way acquisition). This activity supports the acquisition of these goods and services in conformance to Department of Management Services policies and develops and administers policies and procedures for professional and other consultant contracts statewide. All procurement offices (Central Office, district, and Turnpike Enterprise) prepare bid invitations, process purchasing requisitions, and review and process billings.

XVII. External Affairs

This activity comprises the Florida Transportation Commission which is tasked by the Legislature to be a private sector oversight body to evaluate and monitor the performance, productivity, and financial status of the department. See s. 20.23(2)(a)1., F.S.

The Commission is charged with periodically reviewing the organizational structure of the department and status of the state transportation system (including highway, transit, rail, seaport, intermodal development, and aviation components of the system), and recommending improvements to the Governor and the Legislature. The Commission also serves as a nominating committee for the position of Secretary of the Department when a vacancy occurs. After conducting a search, three nominees are presented to the Governor for final selection.

In 2007, the Legislature expanded the responsibilities of the Commission to include the oversight of all 15 transportation authorities created under chs. 343 and 348, F.S. In 2009, the Legislature further expanded that oversight to also include the Jacksonville Transportation Authority.

Specifically, the mission of the Commission is to provide leadership in meeting Florida's transportation needs through policy guidance and recommendations to the Governor and the Legislature on issues of statewide importance and to maintain public accountability for all entities under its statutory purview. The Commission accomplishes this by monitoring the financial status, evaluating the performance and productivity, and reviewing the annual plans, work program, and budget requests of each entity.

The nine members of the Commission are appointed by the Governor and confirmed by the Florida Senate to serve 4-year terms. Each member of the Commission is required to have private sector business managerial experience.

XVII. Inspector General

This activity comprises the department's Office of Inspector General (OIG) and provides the following:

- Direction and coordination of audits, investigations, and management reviews relating to programs and operations of the department;
- Recommends corrective action concerning fraud, abuses, and deficiencies;
- Advises in the development of performance measures, standards, and procedures for the evaluation of department programs;
- Reviews actions taken by the department to improve program performance and meet program standards;
- Reports on the progress made in implementing corrective action; and
- Reviews rules relating to programs and operations and ensures that an appropriate balance is maintained between audit, investigative, and other accountability activities.

See s. 20.055(2), F.S.

The OIG assists the department in accomplishing its mission by providing independent review, assessment or investigation of department activities and programs. Specifically, the OIG's mission is to promote accountability, integrity, and efficiency for the citizens of Florida by providing objective, timely audit and investigative services. To carry out the duties and responsibilities of the OIG and to accomplish the mission, the office has established three functional sections:

- Audits—The Audit Section has two subunits - Policy and Operations; Acquisition and Procurement.
 - The Policy and Operations subunit provides independent appraisals of how department programs and processes perform, including management's performance in meeting the department's needs while safeguarding its resources. This includes audits and evaluations regarding the security of data and information technology resources, in accordance with s. 282.318, F.S.
 - The Acquisition and Procurement subunit ensures costs proposed and charged to the department through contracts and agreements with external entities are accurate, reasonable, and comply with applicable federal and state procurement regulations.
- Investigations—The Investigation Section detects, deters, and investigates internal and external crimes or misconduct impacting the department and aggressively pursues those who attempt to gain financial or other benefit to which they are not properly entitled, in their association with the department. The

Investigation Section establishes and maintains close working relationships with key department staff, investigative counterparts, and prosecuting agencies to pursue and resolve allegations. It is the central point of contact for Whistle-blower allegations and State Comptroller "Get Lean" hotline calls involving department personnel and programs. The Investigation Section develops and administers awareness programs to identify and counter fraud vulnerabilities.

- Special Projects/Support—The Special Projects/Support Section provides administrative support to the office and conducts reviews to identify and recommend possible improvements of office administration and operational activities. The section performs internal quality assurance reviews of OIG reports, working papers, and processes; manages the internal project tracking and monitoring system used for statistical reporting and production management oversight; develops the statutorily required Annual Report; and assists in the development of the annual risk assessment and work plan. Special Projects is responsible for the development of a newsletter distributed to agency employees to bring awareness to systemic issues that are agency-wide. The Section serves as a liaison to external auditing agencies for the department and performs the statutorily required monitoring of corrective actions taken by department management in response to OIG and external audit recommendations.