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RECOVERY ACT

Funds Continue to Provide Fiscal Relief to States and Localities, While Accountability and Reporting Challenges Need to Be Fully Addressed (Florida)



GAO

Accountability * Integrity * Reliability

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Appendix V: Florida

Overview

The following summarizes GAO's work on the third of its bimonthly reviews of American Recovery and Reinvestment Act (Recovery Act) spending in Florida.¹ The full report covering all of our work in 16 states and the District of Columbia is available at www.gao.gov/recovery.

GAO's work focused on three federal programs funded under the Recovery Act: the Workforce Investment Act (WIA) Youth Program, the Weatherization Assistance Program, and the Highway Infrastructure Investment Program. These programs were selected primarily because they have begun disbursing Recovery Act funds or are existing programs that are receiving significant amounts of these funds. Specifically, we selected WIA because a summer youth program was implemented in Florida this summer with Recovery Act funds. We selected the weatherization program based on discussions with the Florida Chief Inspector General, who considers the program high risk; and we selected the Highway Infrastructure Investment Program because it is one of the largest programs receiving Recovery Act funds flowing to the state and localities. Consistent with the purposes of the Recovery Act, funds from the programs we reviewed are being directed to help Florida and local governments stabilize their budgets and stimulate infrastructure development and expand existing programs intended to provide needed services and jobs.

We conducted site visits at two regional workforce boards for WIA in Broward and Hillsborough Counties because these boards are among the largest recipients of Recovery Act WIA dollars in the state and had the highest numbers of anticipated participants. In these counties we visited two contractors administering summer youth programs. We selected two contracts managed by Florida Department of Transportation (FDOT) district offices located in Lake City in Columbia County and Chipley in Washington County because they were among the largest dollar contracts that had been awarded as of July 20, 2009.

The following provides highlights from our review:

WIA Youth Program

- The state of Florida received almost \$43 million for WIA youth activities under the Recovery Act and set a goal of serving 16,000 youth

¹Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

in 2009 through its WIA summer employment activities for youth program. As of August 15, 2009, the Agency for Workforce Innovation estimates that it has expended \$22.3 million or 52 percent of its total and in its July 31, 2009 report to the Department of Labor (Labor) said it had served 11,902 youth.

- The agency expects to meet its enrollment goal by the end of the summer program. However, Broward and Hillsborough counties' summer youth programs overcame several implementation challenges. Both counties were challenged by recruiting participants under tight time frames, and other factors, such as screening applicants for eligibility.
- Broward County and Hillsborough County workforce boards have taken steps to monitor activities performed with Recovery Act WIA Youth funds, such as work experience and work-based learning activities. However, Hillsborough County's on-site monitoring activities for older participants is limited in comparison to Broward County. Employers and youth we talked with praised the summer youth programs in Broward and Hillsborough counties, but data on the extent to which youth achieved gains in work readiness are not yet available.

Weatherization Assistance Program

- The Department of Energy (DOE) has allocated about \$176 million over 3 years to Florida for the Recovery Act Weatherization Assistance Program to weatherize over 19,000 homes. On June 18, 2009, DOE had provided to the state about \$88 million, or about half the total fund allocation. As of August 31, 2009, the Florida Department of Community Affairs (DCA) had obligated about \$4.2 million and expended about \$1.1 million of the initial \$88 million allocated by DOE.
- Florida has begun using Recovery Act weatherization funds to increase the capacity of local providers to weatherize homes. Florida is intending to implement training and internal controls to help ensure quality and oversight of Recovery Act spending on weatherization. However, as of August 31, 2009, Florida has not yet started weatherizing homes.
- Recovery Act funds for weatherization have created jobs in Florida. State officials still have questions about reporting requirements and concerns about the required documentation for the Davis-Bacon Act. Recovery Act funding has created 109 jobs.

Highway Infrastructure
Investment

- The U.S. Department of Transportation's (DOT) Federal Highway Administration (FHWA) apportioned \$1.35 billion in Recovery Act funds to Florida. As of September 1, 2009, the federal government has obligated \$1 billion, and \$196,000 has been reimbursed by FHWA to the state for payments to contractors.
- While some progress has been made in awarding contracts for statewide highway projects (25 contracts out of 45 FHWA-approved projects, totaling \$726 million as of August 28, 2009), few contracts have been awarded by localities (5 contracts out of the 395 FHWA-approved contracts, totaling \$1 million). According to state officials, unlike the state's funds, which were required to be obligated before June 30, 2009, funds that were suballocated to local agencies were not subject to the 120-day rule. As a result, the local agencies were given more time to obligate funds, advertise bids, and award contracts.
- State officials consider current processes and procedures adequate for highway contract solicitation and management, and the Florida Department of Transportation districts use consultants to assist with project monitoring. To report data on jobs created, the Florida Department of Transportation has developed an automated system, which was put into operation on May 29, 2009. For the months of June and July, the Florida Department of Transportation reported to FHWA that a total of 155 jobs were created as a direct result of Recovery Act-funded highway projects.

Updated Information on
Safeguards and
Transparency

- Florida continues to take steps to provide safeguards and transparency. State Inspectors General have provided fraud training, prepared agencies to implement reporting requirements, and assessed internal controls, among other activities. Florida's Office of Economic Recovery continues to develop a database to collect Recovery Act data from state agencies that it will then upload to the federal database. While the fiscal year 2009 Single Audit is currently under way, the state auditor is awaiting additional federal guidance from the Office of Management and Budget (OMB) on Single Audits on Recovery Act programs.

While Its Economy Remains Sluggish, Florida Plans Ahead for Funds Expiration, but with Concerns Regarding Costs of Recovery Act-Related Oversight

Florida's fiscal condition is expected to improve slowly beginning in spring 2010, according to Florida's August 2009 projections. However, declines in general revenues persist while expenditure pressures continue due to increased demands for some services, such as Medicaid, education, and prison construction. For example, collection of sales tax—the largest component of the state's general revenue budget—are projected to fall as a result of reductions in consumer and business purchases for state fiscal year 2009-2010. Nevertheless, state estimates and national economic data suggest that economic conditions may improve beginning later this calendar year or early next year.² For example, the Florida legislature's Office of Economic and Demographic Research reports that despite a weakening employment picture, falling housing prices could attract buyers and lead to an improvement in the economy.³ Moreover, Florida's fiscal year 2010-2011 revenue collections forecast remains positive, marking an end to 4 consecutive years of declining revenue. However, predicting the future course of the economy is uncertain, especially given the current degree of economic disruption.

State agencies are beginning preparation of their state fiscal year 2010-2011 budget requests in light of fiscal stress while planning for when Recovery Act funds will no longer be available. (Florida's fiscal year runs from July 1 through June 30.) For the upcoming fiscal year 2010-2011 budget, Florida budget officials said they project using \$2.5 billion in Recovery Act funds. For this current fiscal year, a year-end shortfall is currently not expected, according to an August 2009 Florida General Revenue Estimating Conference.⁴ In our July 2009 report, we noted that Florida closed a \$4.8 billion budget gap in the current fiscal year 2009-2010

²Although some economists have pointed to signs of economic improvement, associations representing states have also reported that, in general, states' fiscal conditions historically lag behind any national economic recovery.

³The Florida Legislature, Office of Economic and Demographic Research, *Florida: An Economic Overview* (Tallahassee, Fla., Aug. 4, 2009).

⁴Florida uses the General Revenue Estimating Conference for forecasting revenues. Comprised of one member from each of the staffs of the Office of the Governor, the Senate, the House of Representatives, and the Division of Economic and Demographic Research, a major purpose for the conference is to provide a common ground with respect to the funds available for budgeting. The General Revenue Fund is Florida's primary operating fund that is subject to annual allocation through the legislative process, funding programs such as education and human services.

General Revenue Fund in part, by using about \$1.6 billion of the \$5.3 billion in Recovery Act funds.⁵

As part of its annual budget process, state agencies will receive instructions for developing long-range program plans that include strategies for when projected federal outlays to states and localities under the Recovery Act are expected to substantially decrease after 2011, according to state budget officials. As we reported in July, Florida has also planned for this “cliff effect” by increasing revenue producing initiatives—such as a cigarette surcharge, motor vehicle fees, and court fees—that are expected to produce more than \$2 billion in new general revenues on a recurring basis beginning in 2009-2010—while at the same time reducing state expenditures. Ultimately, Florida state officials see the current fiscal constraints as cyclical (short term) rather than structural (long term), so they believe as the economy improves, the state will be prepared for when Recovery Act funds will no longer be available.

State officials said that Florida may not utilize the federal process for identifying administrative costs related to Recovery Act activities because the state has already appropriated and prescribed the use of Recovery Act funds for fiscal year 2009-2010 for programs and services. According to OMB guidance, central administrative costs incurred by state recipients in the management and administration of Recovery Act programs are allowable costs that can be recovered out of program funds as indirect costs to the program.⁶ Florida executive branch officials said this challenge is due in part to audit and reporting requirements of the Recovery Act, even though the state did not budget some or any of the Recovery Act funds for administrative activities. For example, to comply with Recovery Act reporting requirements, the Florida Office of Economic

⁵Florida enacted a \$66.5 billion budget for 2009-2010 before the start of its July 1 fiscal year and in doing so, used Recovery Act funds, withdrew some of its available reserves, cut spending, and raised additional sources of revenue. As we reported in July, Florida budgeted a total of \$5.3 billion of Recovery Act funds or about 8 percent of its budget. Recovery Act funds used to stabilize the state’s operating budget included funds made available as a result of increased Federal Medical Assistance Percentage and State Fiscal Stabilization Fund monies.

⁶OMB guidelines state that the budgeted or estimated administrative cost amount for administrative or indirect costs should not be in excess of 0.5 percent of total Recovery Act funds received by the State. Based on OMB guidance, a state is to modify its Statewide Cost Allocation Plan (SWCAP) to allow for charge backs for costs associated with centralized services. See OMB, *Memorandum M-09-18: Payments to State Grantees for Administrative Costs of Recovery Act Activities* (May 11, 2009).

Recovery is developing a reporting system to compile information from agencies and upload it to the federal system. State officials said they have reservations about requesting funds for oversight from already appropriated sums to programs. As a result, a senior official said the state is considering absorbing Recovery Act administrative costs within existing state resources rather than seeking reimbursement through the federal process and shifting funds from programs and services.

Broward and Hillsborough Counties' Summer Youth Programs Overcame Several Implementation Challenges but Do Not Yet Know If Participants Met Work Readiness Measures

The Recovery Act provides an additional \$1.2 billion in funds for the Workforce Investment Act (WIA) Youth program, including summer employment. Administered by the U.S. Department of Labor (Labor), the WIA Youth program is designed to provide low-income in-school and out-of-school youth 14 to 21 years old,⁷ who have additional barriers to success, with services that lead to educational achievement and successful employment, among other goals. Funds for the program are distributed to states based on a statutory formula; states, in turn, distribute at least 85 percent of the funds to local areas, reserving as much as 15 percent for statewide activities. The local areas, through their local workforce investment boards, have the flexibility to decide how they will use the funds to provide required services.

While the Recovery Act does not require all funds to be used for summer employment, in the conference report accompanying the bill that became the Recovery Act,⁸ the conferees stated they were particularly interested in states using these funds to create summer employment opportunities for youth. While the WIA Youth program requires a summer employment component to be included in its year-round program, Labor has issued guidance indicating that local areas have the flexibility to implement stand-alone summer youth employment activities with Recovery Act funds.⁹ Local areas may design summer employment opportunities to include any set of allowable WIA Youth activities—such as tutoring and study skills training, occupational skills training, and supportive services—as long as it also includes a work experience component. A key

⁷An out-of-school youth is an individual who (a) is an eligible youth who is a school dropout; or (b) is an eligible youth who has either graduated from high school or holds a General Educational Development (GED) credential, but is basic skills deficient, is unemployed, or underemployed.

⁸H.R. Rep. No. 111-16, at 448 (2009).

⁹Department of Labor, Training and Employment Guidance Letter No. 14-08 (Mar. 18, 2009).

goal of a summer employment program, according to Labor's guidance, is to provide participants with the opportunity to (1) experience the rigors, demands, rewards, and sanctions associated with holding a job, (2) learn work readiness skills on the job, and (3) acquire measurable communication, interpersonal, decision-making, and learning skills. Labor has also encouraged states and local areas to develop work experiences that introduce youth to opportunities in "green" educational and career pathways. Work experience may be provided at public sector, private sector, or nonprofit work sites. The work sites must meet safety guidelines, as well as federal and state wage laws.¹⁰ Labor's guidance requires that each state and local area conduct regular oversight and monitoring of the program to determine compliance with programmatic, accountability, and transparency provisions of the Recovery Act and Labor's guidance. Each state's plan must discuss specific provisions for conducting its monitoring and oversight requirements.

The Recovery Act made several changes to the WIA Youth program when youth are served using these funds. It extended eligibility through age 24 for youth receiving services funded by the act, and it made changes to the performance measures, requiring that only the measurement of work readiness gains will be required to assess the effectiveness of summer-only employment for youth served with Recovery Act funds. Labor's guidance allows states and local areas to determine the methodology for measuring work readiness gains within certain parameters. States are required to report to Labor monthly on the number of youth participating and on the services provided, including the work readiness attainment rate and the summer employment completion rate. States must also meet quarterly performance and financial reporting requirements.

**Florida Expects to Meet Its
WIA Youth Enrollment
Goal**

The state of Florida received almost \$43 million for WIA youth activities under the Recovery Act and set a goal of serving 16,000 youth in 2009 through its WIA summer employment activities for youth program. A 45-member board appointed by the Governor oversees and monitors the administration of the state's workforce policy, programs, and services. These programs are carried out by the 24 business-led Regional Workforce Boards and Florida's Agency for Workforce Innovation, which operates the state's workforce system. As of August 15, the Agency for Workforce

¹⁰Current federal wage law specifies a minimum wage of \$7.25 per hour. Where federal and state laws have different minimum wage rates, the higher rate applies.

Innovation estimates that it has expended \$22.3 million or 52 percent of its total and in its July 31, 2009 report to Labor, said it had served 11,902 youth. The agency attributed the lower number of reported youth placed to late reporting by some local programs and expects to meet its enrollment goal by the end of the summer program. Table 1 shows selected characteristics of youth in the program.

Table 1: Selected Characteristics of Youth in Florida’s Summer Youth Program as of July 31, 2009

Category	Number of youth
Youth age 22 to 24	1,245
Youth age 19 to 21	3,190
Youth age 14 to 18	7,467
Total	11,902
Out-of-school youth	5,371

Source: Florida Agency for Workforce Innovation.

According to a state Agency for Workforce Innovation official, the state workforce agency will collect and ensure the validity of Recovery Act data collected on the summer programs. The official told us that Florida did not delegate subrecipient quarterly reporting requirements to local workforce boards, and they would collect the required information using its existing reporting system. Once the quarterly reporting process begins in September, agency staff will review the submitted data remotely and will go onsite to the workforce boards and review case samples for data validation. The official also told us that the agency already has staff out in the field working with workforce boards to ensure the validity of the first quarterly reports.

Broward and Hillsborough Counties Used Recovery Act Funds to Expand Summer Youth Services

We selected two regional workforce boards—Workforce One, Employment Solutions (Broward County) and the Tampa Bay WorkForce Alliance (Hillsborough County). We evaluated their implementation of the Recovery Act-funded summer youth program in Florida because these boards are among the largest recipients of Recovery Act WIA Youth funds in the state and had the highest numbers of anticipated participants. In addition, each program represented a different geographic region of the state. Table 2 shows the amount of funds Hillsborough County and Broward County received and how much they have expended to date as of August 31, 2009.

Table 2: Allocations Workforce Boards Received and Funds Expended as of August 31, 2009

Workforce board	Funds received	Funds expended
Broward County	\$2,362,791	\$2,321,460
Hillsborough County	\$2,534,737	\$792,076

Source: Workforce boards.

Both Broward and Hillsborough counties took advantage of the Recovery Act’s extended age eligibility by operating work experience programs for older youth—Broward for ages 19 to 24 and Hillsborough for ages 20 to 24. Each county provided work-readiness training for participants covering soft employment skills, such as appropriate dress and showing up for work on time. Both used pre- and post-tests to measure learning gains by training participants. At the completion of their work-readiness training, participants were placed in a wide variety of jobs with public, private, and nonprofit employers.¹¹ Neither county identified “green” jobs for youth placement because officials said there is currently no federal or state definition of what constitutes a “green” job,¹² and neither county offered academic or occupational skills training as part of their summer youth programs. Broward officials told us they did not offer academic or occupational skills because they felt that in these economic times a job/work experience would be most valuable for the older youth. In addition to its work experience program for older youth, Hillsborough County is using its Recovery Act funds on a separate work-based learning program for younger participants.¹³ For this program, Hillsborough County enrolled 803 youth ages 17 to 19 in a 4-week Employment and Leadership Exploration program.¹⁴ The instruction covered business ethics and

¹¹In Broward County the types of jobs filled include library page, clerical, camp counselor and recreation aide, cafeteria and teacher assistant, and custodial. In Hillsborough County the types of jobs filled include Boys & Girls Club youth development specialist, customer sales and service, cashier, clerical, and hotel worker.

¹²Hillsborough County also offered an optional 12-hour green training initiative to create awareness among participants in its work-based learning experience titled “Your Role in the Green Economy.” A national certification is issued to participants who pass the test at the conclusion of the program.

¹³Broward County is using its general revenues to fund its younger summer youth program.

¹⁴According to Hillsborough officials, program administration was competitively contracted out to nine public or nonprofit groups. Officials told us that contractors are paid based on documented deliverables such as the pre- and post-tests, trainee skill assessments, and program completion.

business simulation models during the first 2 weeks, with pre- and post-tests administered to measure learning gains. In the third and fourth weeks, participants formed teams and applied the skills learned to create a simulated online magazine of their choice. Participants also completed a skills assessment and participated in one onsite visit to an employer. (See table 3 for more information on participants and placements.)

Table 3: Selected Data on Broward County’s and Hillsborough County’s Summer Youth Programs

	Broward County	Hillsborough County
Total participants	724	1049
Employment and Leadership Exploration program	N/A	803
Work Experience program	724	246
Type of participants		
Out-of-school youth	722	565
Youth 22-24 years old	152	97
Percentage of work experience jobs available by sector^a		
Public	52	14
Private	17	66
Nonprofit	31	21

Source: Workforce boards.

^aNumbers may not total to 100 percent due to rounding.

Broward and Hillsborough Counties Were Both Challenged by Recruiting Participants under Tight Time Frames and Other Factors

Broward County set a goal of 900 participants for its work experience program and faced recruiting challenges, exacerbated by time constraints. Youth were initially unresponsive to Broward’s offer to pay \$7.21 per hour to participants. A Broward official told us that the pay was not competitive with local businesses. However, after the Workforce Board raised the hourly wage to \$9.00, more than 3,000 applications were submitted by the deadline, forcing the county to reduce the goal for the number of participants from 900 to 724 because of the higher wage. The response was so overwhelming during the final 2 weeks of the application period (which ran from March 3 to May 29) that officials said they worked weekends to meet their time frames.

Determining participant eligibility and, at least initially, paying participants were also problems cited by Broward officials. Officials said youth often had difficulty producing eligibility information, for example, income information and proof of Selective Service registration, and had to return several times to produce the necessary paperwork. Broward officials said

if they operate a summer youth program again, they would use One-Stop staff to oversee the eligibility process. In addition to determining eligibility, some employers required youth background checks and some checks revealed multiple offenses, including theft and fraud, making the youth hard to place.

Broward County also initially had issues paying participants. The county wanted to use direct deposit for payment and encouraged participants to open accounts at a local credit union or bank. However, many youth wanted to receive their pay via a popular pre-paid debit card, and there were initial problems getting paychecks credited to those cards. In other instances, banks kept portions of paychecks that were direct deposited into overdrawn accounts to recover the overdrawn amounts.

Finally, for Broward County, there were some issues with employers when participants reported on the first scheduled day of work. Some employers pulled out of the program,¹⁵ others asked for more employees than they needed and then sent some back to the workforce board, and others used the first work day to interview participants rather than put them to work. As a result, Broward officials had to find new work assignments for some participants.

Hillsborough County greatly exceeded its recruiting goals for its work experience program, but officials said they struggled with the 60-day time frame they had from the time Labor issued its program guidance to the time they launched their programs. Hillsborough set a goal of 60 to 80 participants for its work experience program and 1,000 participants for its work-based learning program. Initially, Hillsborough officials anticipated a rush of applications but no rush materialized. To boost enrollment, officials began advertising on radio, television news programs, movie theaters, and many other places. As a result, they enrolled 803 participants in the work-based learning program and enrolled 246 in the work experience program, greatly exceeding their 80-participant goal. The limited time to get the program up and running was cited by officials as one of their biggest challenges.

¹⁵Officials told us that some employers pulled out of the program because they did not like the way the youth presented themselves the first day, they did not think the youth had the skills to perform the required work, or the employer's business had taken a turn for the worse since they first requested the youth and they no longer needed the help.

Hillsborough County did not report any issues in gathering eligibility information and in some cases used wage information from the Unemployment Insurance system to verify income. The county found that some of the program participants failed employer and other eligibility requirements: Some employers required background checks, and all work experience participants were screened for drugs. Of the 246 participants placed in work experience jobs by Hillsborough, 15 were terminated because they failed the drug test. In contrast to Broward, Hillsborough County didn't experience any problems using pre-paid debit cards or paychecks, primarily for older participants. Hillsborough County officials took steps to avoid problems with employers pulling out of the program by pre-screening youth for level of education and work experience, and then allowing employers to interview participants at two job fairs in advance of start dates and make the decisions on who they wanted to hire.

Work-Site Monitoring of Older Youth Was More Extensive in Broward County than in Hillsborough County

In Broward County, workforce officials said WIA program advisors visit each of the 280 work sites regularly. Officials said 26 WIA program advisors visit each site at least twice a week to speak with supervisors, obtain time sheets, and provide feedback to participants. The WIA program advisors document their site visit in notes placed in each participant's case file. Workforce officials said they also tasked work-site supervisors with conducting job performance evaluations for each participant after one week of work using a standardized evaluation form to rate the participant. Supervisors can also provide comments on the individual's strengths and weaknesses.¹⁶ The performance evaluation results are shared with the participant. Officials told us that a second performance evaluation will be administered 6 weeks into the program, and both evaluations, like the pre- and post-tests, would be used to assess any gains in work-readiness skills during the summer youth program-provided employment.

A Hillsborough official also told us they developed a work-site monitoring plan and instituted it in mid August after receiving feedback from Labor in late July.¹⁷ The Hillsborough County official said that business consultants are to visit each of the 52 work sites once during the two and one-half

¹⁶The performance evaluation form is signed by the supervisor, the summer youth program participant, and the WIA summer youth program advisor.

¹⁷Hillsborough's summer youth program for 20-24 year olds started July 14 and will end September 30.

month period. According to Hillsborough's monitoring plan, consultants are to assess whether the site meets health and safety standards, determine if participants' job descriptions match work assigned, and elicit from the work-site supervisors their experience with time- or record-keeping processes and if any type of performance evaluation will be completed for the employee. In addition, the monitoring plan calls for the WIA Youth program staff to interview one participant at each work site. Interview topics to be covered include whether the supervisor provides feedback, if someone is in charge when the supervisor is not around, and whether the participant signs in and out every day. A Hillsborough official told us that youth have an opportunity to address work-site issues when they come to the workforce board to collect their pay checks every 2 weeks. Both youth and employers are expected to contact the WIA program staff when issues arise. A monitoring plan summary shows that work-site visits were conducted between August 1 and August 31, 2009.

For its work-based learning program for 17-19 year olds, the Hillsborough County workforce board is monitoring the performance of contractors who administer the program. According to officials, monitoring began with Hillsborough County workforce officials from procurement, programmatic, and WIA Youth program departments conducting a review of 13 competing proposals. Officials told us a thorough on-site inspection was conducted prior to awarding 9 contracts.¹⁸ We reviewed 2 of the 9 work-based learning site contracts, discussed the contracts with workforce board officials, and interviewed officials at the two corresponding sites. According to workforce board officials, the contracts we reviewed were cost-reimbursement contracts with a fixed-price agreement for a maximum amount of deliverables. Each contract contained a detailed description of services to be provided by the contractor and a list of deliverables for which supporting documentation was required for payment. According to Hillsborough County workforce officials, ongoing monitoring of contractors consists of two WIA career managers, under the direction of a WIA supervisor, who visit the work-based learning sites twice a week to observe, examine, and collect documentation, such as time sheets. WIA managers are responsible for collecting these documents to verify contractor performance for compensation purposes and to assess the work readiness of the youth participants.

¹⁸There were a total of 10 work-based learning sites, but only a total of 9 contracts were awarded, since one learning site was a Hillsborough workforce facility.

The Counties Took Different Approaches in Measuring Gains in Work Readiness of Youth

Broward County and Hillsborough County use different approaches to measure youths' gains in work readiness. Within the restrictions set by federal agency guidance, local boards may determine the methodology used to measure work readiness gains as required for Recovery Act funds. Although both counties use pre- and post-tests, each county's test differed in length and content. Broward used a 30-question multiple choice and true/false test; Hillsborough used a 10-question multiple choice test.¹⁹ Hillsborough's test focused on what to do in an interview; Broward's test focused on work-related skills and behaviors. As mentioned previously, Broward also uses performance evaluations at the work site to assess participants' work readiness. Although both counties have administered their pre- and post-tests and Broward has conducted its performance evaluations, neither have completed their assessments of work-readiness gains. Officials said they will not have results until the youth complete their programs, the latest being in September 2009.

Although data on gains in work readiness is not yet available, work-based learning supervisors and employers we interviewed said summer youth programs have been a success. In Broward County, we spoke with employers and youth at two different work sites and found they were very pleased with the program. At one work site, the employer told us he is planning to offer positions to 7 of the 17 summer youth program participants when their summer program ends. At the second work site, one participant shared a slide presentation of a project plan and campaign she developed to help the company "go green." The participant had presented her plan to the CEO, and her employment had been extended 2 weeks so she could assist with the implementation of her project. In addition, we also spoke with two contract work-based learning site supervisors in Hillsborough County, who said the work-based learning experience, introduced youth to business principals and ethics, encouraged teamwork, and broadened their horizons. Furthermore, the 20- to 24-year old youth we spoke to said they felt the job fair process used to match employers and participants was very well organized, that they were able to learn valuable new skills in their work experience jobs, and would participate again if the program is offered next summer.

¹⁹In Hillsborough County younger youth were given a Junior Achievement pre- and post-test.

Florida Is Funding Local Service Providers and Program Infrastructure, but Has Not Yet Started Weatherizing Homes

The Recovery Act appropriated \$5 billion over a 3-year period for the Weatherization Assistance Program, which the U.S. Department of Energy (DOE) administers through each of the states, the District of Columbia, and seven territories and Indian tribes. The program enables low-income families to reduce their utility bills by making long-term energy efficiency improvements to their homes by, for example, installing insulation; sealing leaks; and modernizing heating equipment, air circulation fans, or air conditioning. Over the past 32 years, the Weatherization Assistance Program has assisted more than 6.2 million low-income families. By reducing the energy bills of low-income families, the program allows these households to spend their money on other needs, according to DOE. The Recovery Act appropriation represents a significant increase for a program that has received about \$225 million per year in recent years.

As of September 14, 2009, DOE had approved the weatherization plans of all but two of the states, the District of Columbia, the territories, and Indian tribes—including all 16 states and the District of Columbia in our review. DOE has provided to the states almost \$2.3 billion of the \$5 billion in weatherization funding under the Recovery Act. Use of the Recovery Act weatherization funds is subject to Section 1606 of the act, which requires all laborers and mechanics employed by contractors and subcontractors on Recovery Act projects to be paid at least the prevailing wage, including fringe benefits, as determined under the Davis-Bacon Act.²⁰ Because the Davis-Bacon Act had not previously applied to weatherization, Labor had not established a prevailing wage rate for weatherization work. In July 2009, DOE and Labor issued a joint memorandum to Weatherization Assistance Program grantees authorizing them to begin weatherizing homes using Recovery Act funds, provided they pay construction workers at least Labor’s wage rates for residential construction, or an appropriate alternative category, and compensate workers for any difference if Labor established a higher local prevailing wage rate for weatherization activities. Labor then surveyed five types of “interested parties” about labor rates for weatherization work.²¹ Labor completed establishing prevailing wage rates in all of the 50 states and the District of Columbia by September 3, 2009. As of September 4, 2009, Labor had posted wage rates for 44 states, including Florida.

²⁰The Weatherization Assistance Program funded through annual appropriations is not subject to the Davis-Bacon Act.

²¹The five types of “interested parties” are state weatherization agencies, local community action agencies, unions, contractors, and congressional offices.

DOE has allocated about \$176 million over 3 years to Florida for the Recovery Act Weatherization Assistance Program. On June 18, 2009, DOE approved Florida's state plan for the program for 2009-2012 and had provided a total of about \$88 million, or half the state's allocation. The state's Department of Community Affairs (DCA) is responsible for administering the program. As stated in the state plan, DCA's goals include weatherizing at least 19,090 dwellings, which according to a DCA official could result in as much as \$5.7 million in overall energy savings annually. Of the \$176 million the state will receive, the planned allocation includes about \$137 million for weatherization of homes and about \$30 million for training and technical assistance.

DCA awards contracts to local service providers, which include nonprofit organizations or local governments, to assist low-income households by making long-term energy efficiency improvements to their residences, including measures such as installing insulation, sealing leaks around doors and windows, or modernizing heating equipment and air circulating fans. Once a local service provider determines that a household is eligible for the program, it sends an inspector to the home to determine if it is suitable for improvements and to perform an energy audit to identify appropriate improvements.²² Once the inspector has completed the home inspection and energy audit, they prepare a work order that lists the improvements to be made to the home. The local service providers may employ either in-house construction crews or use contractors or a combination of both to make the home improvements. When completed, the improvements are checked by an inspector.

Florida Has Begun Using Recovery Act Weatherization Funds to Increase the Capacity of Local Providers to Weatherize Homes

As of August 31, 2009, DCA had obligated about \$4.2 million and expended about \$1.1 million of the initial \$88 million provided by DOE for the Weatherization Assistance Program on expenses such as payroll for DCA staff, contracts with local service providers to expand their capacity to weatherize homes, training and travel for new DCA and local provider staff, and supplies.

DCA has obligated about \$3.6 million of the \$4.2 million to award initial contracts to 26 of its 29 current local service providers, and used about \$1

²²Homes that are in disrepair, such as those needing a new roof, are considered unsuitable for improvements because the poor condition of the home would result in damage to the improvements or render them ineffective.

million of the \$1.1 million expended for these same contracts. These local service providers can use the funds for nonproduction weatherization operating costs, such as planning, hiring staff, sending inspectors to training, purchasing equipment, obtaining liability insurance, and verifying income eligibility for clients on their waiting lists for weatherization. The funds may also be used to conduct the home inspections and energy audits. DCA officials explained that once a local service provider meets performance measures detailed in the DCA contract, DCA will award the providers a final contract to weatherize homes. DCA officials said they expect to award these final contracts by early September 2009.²³

Of the \$4.2 million obligated, \$498,750 is provided for training home inspectors. To meet increased production goals—weatherizing an additional 19,090 homes over the next 3 years—the number of inspectors employed by local service providers could significantly increase from 39 to more than 100, according to DCA officials. To address the need for training, DCA awarded a contract to the University of Central Florida Solar Energy Center to develop and provide weatherization inspector training.

Florida Is Implementing Training and Internal Controls to Help Ensure Quality and Oversight of Recovery Act Spending

DCA officials said they plan to increase oversight and monitoring of Recovery Act weatherization funds by increasing DCA staff and by performing more audits of local service providers. They plan to award contracts for field inspectors, fiscal monitors, and monitoring and technical assistance for compliance with Davis-Bacon Act requirements. Local service providers that administer the weatherization program have inspectors who perform home inspections to determine needed weatherization services and afterward, to determine if work is completed. DCA awarded a contract to the University of Central Florida Solar Energy Center to provide 1 week of training and field testing for up to 150 inspectors and new hires that will include an introduction to weatherization, health and safety issues, building diagnostics and guidance on weatherizing homes. A DCA official told us that as of August 24, 2009, two training sessions had been held at the Solar Energy Center with 34 attendees, including at least one home inspector from each of the 28 local service providers awarded contracts by DCA. According to DCA officials,

²³ According to DCA officials, as of August 17, 2009, DCA had delivered the contracts to the local service providers. At least three of the local service providers had met the benchmarks in their capacity contracts. As of September 4, 2009, DCA had obligated funds for one of the three local service providers, which can begin weatherizing homes.

two additional sessions have been scheduled to begin late August and early September.

To add an extra layer of home inspection over and above what is done by local service providers and to conduct compliance monitoring of these providers, a DCA official said the agency will hire contractors. DCA's goal is to have contractor-provided field inspectors in place in all 67 Florida counties. These contractors will ensure that at least 50 percent of the weatherized homes funded by the Recovery Act are inspected by DCA. DOE guidelines require DCA to inspect at least 5 percent of all weatherized homes. For this statewide inspection program, DCA issued a request for proposals on July 13, 2009. Proposals were due to DCA by August 7, 2009, and the anticipated award date is September 11, 2009. In addition to conducting field inspections, these contractors are to review 100 percent of local service providers' files to ensure they contain the correct documentary support for each home weatherization project, including such paperwork as invoices, building permits, and resident income verification. Monitoring of contractors will be done by in-house DCA staff, which DCA plans to hire. In addition to the contractor-led inspections, DCA staff will inspect other homes to achieve its goal of having 60 percent of the homes weatherized with Recovery Act funds inspected, according to a DCA official.

Lastly, DCA plans to issue requests for proposals for contractors who will provide local service providers with

- fiscal monitoring and technical assistance on implementing program procedures, establishing and maintaining files, developing internal controls and accounting protocols, correcting problems reported by the Inspector General and independent auditors;
- oversight, training, and technical assistance on the Davis-Bacon Act wage and reporting requirements; and
- procurement training because procurement for services and goods is done locally, not statewide.

Prior to the Recovery Act, most local service providers in Florida did not receive enough federal weatherization funding to be subject to the Single Audit Act / A-133 requirements: each provider would have had to expend at least \$500,000 in federal funding. With the allocation of additional weatherization funding through the Recovery Act, all local service providers in Florida will meet the funding threshold and be subject to single audit. The DCA Inspector General told us her office has allocated 600 hours to auditing Recovery Act weatherization projects during the

2009-2010 state fiscal year. According to the Inspector General, a risk assessment was used to develop the audit plan, which includes evaluating internal processes and implementation of Recovery Act guidelines for accountability and transparency. The Inspector General said these audits will cover the DCA program office, DCA statewide contractors, and local service providers. The Inspector General plans to enter into a contract with an individual who will work full time on Recovery Act Weatherization Assistance Program audits and reallocate another existing employee's work half time to the audits.

In June 2009, the Inspector General issued a weatherization program audit report that identified internal control weaknesses. Although the report did not focus on Recovery Act funds, the Inspector General told us the findings are still applicable. For example, one of the three local service providers reviewed could not provide complete and accurate supporting documentation for incurred expenses reimbursed by DCA, and submitted final status reports prior to completion of work. The Inspector General said DCA's plan to use a contractor to implement a statewide inspection plan for Recovery Act weatherization projects should correct this control weakness. DCA considers its principal risk for Recovery Act spending to be poor quality work. The risk is mitigated by the fact that 28 of the 29 local service providers have previous experience managing weatherization of homes—some for as many as 30 years.

Recovery Act Funds for Weatherization have Created Jobs in Florida, but State Officials Still Have Questions about Reporting Requirements and Compliance with the Davis-Bacon Act

DCA has started collecting performance measurement data on the number of jobs created and retained with Recovery Act funds for weatherization. DCA officials told us that as of August 27, 2009, 109 jobs have been created or retained in Florida as a result of the Recovery Act weatherization funds.

DCA will also measure energy savings, and plans to track kilowatts used before and after weatherization, primarily with information from utility companies. DCA officials said they are using kilowatts used versus dollars saved because the cost of a unit of energy can vary over time and location. DCA officials said measuring actual kilowatts saved will be more accurate than DOE's methodology for calculating energy savings, which looks at total cost savings from all the energy efficiency improvements that could be made to a home versus the actual changes made to the home.

DCA officials stated that they will be reporting the results of expenditures of Recovery Act Weatherization Assistance Program funds to both DOE and OMB as required. DCA is responsible for reporting on performance measures to DOE, including jobs created and retained, documentation to

support compliance with the Davis-Bacon Act, number of homes weatherized, and energy savings achieved. Currently, DCA reports quarterly to DOE on the non-Recovery Act-funded Weatherization Assistance Program. DCA officials stated that they are still waiting for final DOE guidance, but anticipated that Recovery Act reporting will be monthly. DCA will also report as required by OMB on jobs created and retained.²⁴ DCA officials said they will enter the information in the state's new automated Web-based Recovery Act reporting system. Currently, this new reporting system is being populated and tested.

To meet DOE and OMB reporting requirements, DCA plans to collect performance measurement data from local service providers using its Web-based eGrants system, an existing grant administration tool. DCA program staff will monitor the system to ensure local service providers report by the 15th of each month. In addition, DCA plans to validate data submitted before reporting it to the DOE and the state Web-based Recovery Act reporting system by using planned statewide contracts for financial monitoring and field inspections. These contractors will validate data submitted to DCA on information such as number of jobs created and retained, number of homes weatherized, and number of individuals served by the units weatherized (e.g., size of family), according to DCA officials.²⁵ The DCA Inspector General will also be responsible for validating job data submitted by DCA to the state's Recovery Act Web-based reporting system.

DCA officials expressed concerns about the application of the Davis-Bacon Act to Recovery Act weatherization projects, which was not applicable to non-Recovery Act weatherization projects.²⁶ They have questions about increased documentation that local service providers may need to collect to support the certified payroll and prevailing wages and benefits information required by Labor. According to DCA officials, many

²⁴According to state officials, in the state of Florida as defined by OMB, DCA is considered the prime recipient and the local service providers and statewide contractors are considered the subrecipients of Recovery Act weatherization funds.

²⁵According to DCA officials, they will obtain information directly from the utility companies on the energy savings for homes weatherized with Recovery Act funds.

²⁶The Recovery Act requires all laborers and mechanics employed by contractors and subcontractors on Recovery Act projects to be paid at least the prevailing wages as determined under the Davis-Bacon Act. Recovery Act, div. A, title XVI, §1606. Under the Davis-Bacon Act, Labor determines the prevailing wage for projects of a similar character in the locality. 40 U.S.C. §§ 3142-3148.

Florida contractors, particularly smaller firms, have shared concerns about the documentation and administrative tasks they must perform to be in compliance. Officials told us that the DCA contracts awarded to local service providers will stipulate that all laborers and mechanics employed by contractors and subcontractors for Recovery Act-funded weatherization work be paid not less than the prevailing wage for their skill set based on the county where the project is located and as listed on Labor's Web site.²⁷ DCA officials said current prevailing wages for construction workers in Florida are significantly above minimum wage, and they believe the results of the new Labor weatherization wage and benefit survey for weatherization construction workers will mirror those rates. On September 2, 2009, Labor published the new wage and benefit survey results for weatherization workers in Florida. The wages averaged about \$14 to \$15 per hour, while the state's hourly minimum wage rate is \$7.25. DCA officials received but did not complete the Labor survey on wages because the survey was for local service providers to complete. DCA officials also said they do not have information on which organizations or businesses in the state of Florida were surveyed other than their local service providers. As of August 28, 2009, 13 of the 28 local service providers had provided DCA with a copy of the completed survey they returned to Labor.

DCA has not issued guidance to local service providers on final Recovery Act reporting requirements because officials said they are waiting for final guidance from DOE and OMB. The DCA officials said final contracts awarded to local service providers for actual weatherization of homes will include a provision stating that the contracts are subject to change in reporting requirements for Davis-Bacon as guidance is received from OMB and DOE. A local service provider we interviewed stated that DCA has made them aware that final reporting requirements, including those related to the Davis-Bacon Act, are subject to change until guidance is finalized by OMB and DOE.

²⁷www.dol.gov/esa/whd/recovery/dbsurvey/weather.htm.

While Some Progress Has Been Made in Awarding Statewide Highway Contracts, Few Local Contracts Have Been Awarded; Yet, State Officials Said Monitoring and Reporting Processes Are in Place

The Recovery Act provides funding to states for restoration, repair, and construction of highways and other activities allowed under the Federal-Aid Highway Surface Transportation Program and for other eligible surface transportation projects. The Recovery Act requires that 30 percent of these funds be suballocated, primarily based on population, for metropolitan, regional, and local use. Highway funds are apportioned to states through federal-aid highway program mechanisms, and states must follow existing program requirements, which include ensuring the project meets all environmental requirements associated with the National Environmental Policy Act (NEPA), paying a prevailing wage in accordance with federal Davis-Bacon Act requirements, complying with goals to ensure disadvantaged businesses are not discriminated against in the awarding of construction contracts, and using American-made iron and steel in accordance with Buy America program requirements. While the maximum federal fund share of highway infrastructure investment projects under the existing federal-aid highway program is generally 80 percent, under the Recovery Act, it is 100 percent.

The U.S. Department of Transportation's (DOT) Federal Highway Administration (FHWA) apportioned \$1.35 billion in Recovery Act funds to Florida. As of September 1, 2009, the federal government has obligated²⁸ \$1 billion and \$196,000 has been reimbursed²⁹ by the FHWA. The state, in turn, allocated \$902 million—67 percent—to statewide projects; and \$404 million³⁰—30 percent—was suballocated to local agencies, which includes, but is not limited to, a county, an incorporated municipality, or a metropolitan planning organization (MPO) based on population,³¹ and the remaining \$40 million—3 percent—to local highway enhancement projects, such as sidewalk construction. According to the Florida

²⁸For the Highway Infrastructure Investment Program, the U.S. DOT has interpreted the term obligation of funds to mean the federal government's contractual commitment to pay for the federal share of the project. This commitment occurs at the time the federal government signs a project agreement.

²⁹States request reimbursement from FHWA as the state makes payments to contractors working on approved projects.

³⁰Of the \$404 million allocated to local agencies, the federal government has obligated \$270 million and \$81,400 has been reimbursed by the FHWA.

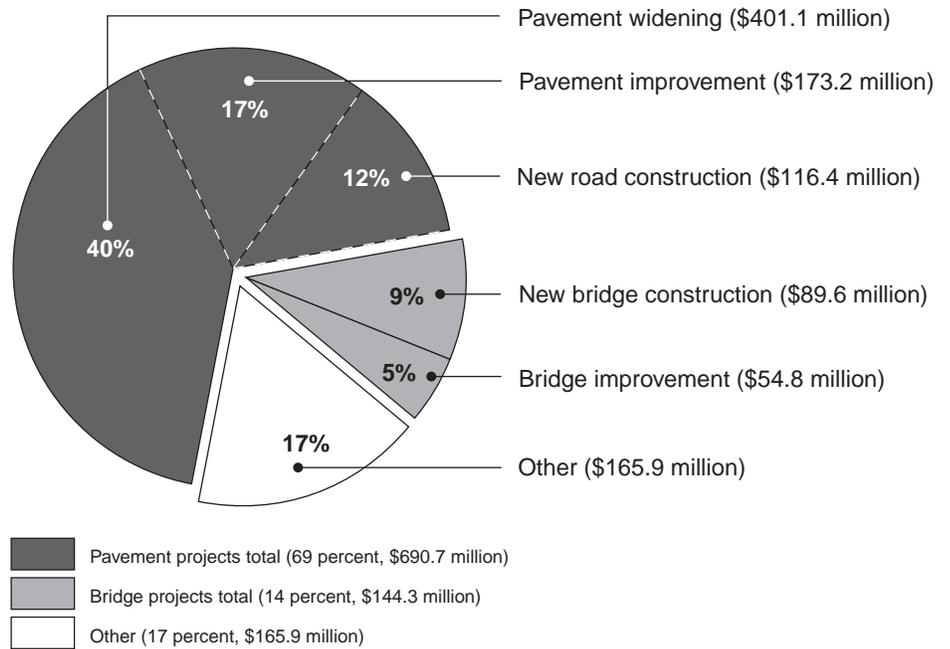
³¹MPOs, federally mandated regional organizations, representing local governments and working in coordination with state departments of transportation, are responsible for comprehensive transportation planning and programming in urbanized areas. MPOs facilitate decision making on regional transportation issues including major capital investment projects and priorities.

Department of Transportation (FDOT), FHWA has approved 519 Recovery Act-funded projects proposed by Florida, and as of August 28, 2009, 25 of 45 statewide highway construction contracts with a total value of \$726 million had been awarded.³² In addition, as of September 1, 2009, 5 out of 395 local projects have been awarded contracts with a total value of \$1 million.

Almost 40 percent of Recovery Act highway obligations for Florida have been for pavement widening projects. Specifically, \$401 million of the \$1 billion obligated for Florida as of September 1, 2009, is being used for highway widening projects that will add capacity to existing highways and interstates. Figure 1 shows obligations by the types of road and bridge improvements being made.

³²The state dedicated over 67 percent or \$902 million of its \$1.35 billion in apportioned Recovery Act funds to these projects.

Figure 1: Highway Obligations for Florida by Project Improvement Type as of September 1, 2009



Source: GAO analysis of FHWA data.

Note: Totals may not add due to rounding. "Other" includes safety projects, such as improving safety at railroad grade crossings, and transportation enhancement projects, such as pedestrian and bicycle facilities, engineering, and right-of-way purchases.

Florida's Focus on Capacity May Explain Rate of Progress in Awarding Contracts

In an August 6, 2009, letter to the Governor of Florida, the Chairman of the U.S. House of Representative's Committee on Transportation and Infrastructure expressed concern about Florida's progress in spending the transportation funding provided by the Recovery Act for transportation projects. In their joint response to the Chairman, the FDOT Secretary and Special Advisor to the Governor noted that Florida selected projects with the greatest economic impact, such as increasing road capacity, as a way to explain the pace of obligations. (Even though Florida was among the last to begin seeking obligation of Recovery Act transportation funds, it was one of the first states to meet the act's requirement to obligate 50 percent of the apportioned funds before the June 30, 2009 deadline.) In addition, state officials said because most of the statewide projects are large in scale and involve federal-aid roadways, they face more federal requirements relating to environmental issues and acquisition of rights of way and thus require more time before bids can be requested and contracts can be awarded. For example, they noted that many other states

are using Recovery Act money to resurface roads—less complicated projects to initiate. In Florida, officials said design drawings and environmental impact studies may need updating before a detailed scope of work can be prepared for requests for proposals (RFP), thus delaying the bid advertisement process. In addition, new construction requires more preparation onsite. For example, in Nassau County, Florida, a projected \$26 million Recovery Act project will add two lanes to provide four 12-foot-wide travel lanes to State Road 200, a primary commuter and hurricane evacuation route. However, starting the project will require phased construction including temporary pavement and median construction for business and residential access. In Okaloosa County, Florida, state officials said utility companies must relocate utility and gas lines and crews must remove trees from rights of way before construction can begin on a projected \$25 million project to widen sections of State Roads 85 and 123. FDOT officials said that even though many of these major projects are ongoing, they required the funding provided by the Recovery Act to proceed with the next phase in design, RFPs, and on-site preparation.

While large-scale, statewide projects require more time, FDOT officials said the state had little need to invest Recovery Act funds in more quickly bid paving or bridge projects because Florida's roads were in good condition. According to the officials, 2 percent of highways eligible for federal-aid were reported in poor condition and less than 1 percent of bridges were categorized as in need of critical repairs. State officials said Recovery Act money is better invested in increasing road capacity and improving traffic flow. For example, the \$26 million Recovery Act funded construction project in Nassau County between Callahan and Fernandina Beach should provide about 6 miles of four travel lanes, 4-foot wide bicycle lanes, and a 5-foot-wide sidewalk on each side of the road in the urban section. The improvements will facilitate hurricane evacuation and provide an alternative route for tourists and truck traffic traveling between Interstates 10 and 95, officials said, as well as a connector between east and west Nassau County.

Officials said that at the local level, many of the contracts have not been awarded because localities were given more time to bid the projects. Under the act, states are required to ensure that all apportioned funds—including suballocated funds—are obligated within 1 year. Fifty percent of the funds apportioned to the state had to be obligated within 120 days of the apportionment (i.e., before June 30, 2009). However, unlike the states' funds, the funds that were suballocated to local agencies were not required to meet the 120-day rule. As a result, the local agencies were

given more time to obtain approval of grant agreements, advertise bids, and award contracts. FDOT officials said their local agency program administrators are working closely with local agencies to provide assistance in bid advertisement and contract award processes. However, state officials emphasized that the local agencies are responsible for advertising and awarding contracts for the projects.

State Officials Consider Current Processes and Procedures Adequate for Highway Contract Solicitation and Management

FDOT is a decentralized state agency, and many of its contract-monitoring functions are performed by its seven district offices and Florida's Turnpike Enterprise.³³ To obtain an understanding of Florida's highway contracting procedures and processes, we selected two statewide contracts that were awarded as of July 20, 2009, to review—a \$25 million contract managed by the Chipley FDOT District Office in Washington County and a \$26 million contract managed by the Lake City FDOT District Office in Columbia County. According to FDOT officials, controls and oversight of the two projects included ensuring that

- contractors who submitted bids met prequalification requirements, which included assessment of contractor's ability, prior work history, financial capability, and record checks for debarment and suspension,
- contracts were awarded on a fixed-price and competitive basis,
- contract requirements were linked to Recovery Act objectives, and
- trained personnel were in place when the contracts were awarded.

According to state officials, Florida requires all contractors to meet specific qualifications before bidding on state construction projects costing in excess of \$250,000. Officials explained that the prequalification process saves time during bid reviews by establishing contractor competency and adequate financial resources to perform the work while awaiting reimbursement from the FDOT. State officials said Florida advertised both projects for 60 days and received nine bids total; both contracts were awarded at 50 percent less than estimated project bid amounts. In addition, in both instances, the contracts were awarded to the lowest responsive bid. Lastly, both contracts contained specific provisions for contractor compliance with Recovery Act reporting requirements.

³³FDOT District Offices and the Florida Turnpike Enterprise are located in Bartow (Polk County), Lake City (Columbia County), Chipley (Washington County), Fort Lauderdale (Broward County), Deland (Volusia County), Miami (Miami-Dade), Tampa (Hillsborough County), and Ocoee (Orange County), Florida.

FDOT Districts Use Consultants to Assist with Project Monitoring

While district offices typically have responsibility for managing highway construction projects from start to completion, FDOT officials said private consultants are used to assist. Chipley and Lake City district offices have contracted with private consultants and other companies to assist in overseeing the Recovery Act-funded projects reviewed here. According to FDOT officials, consultants will perform about 80 percent of daily project management duties for the two district offices. Consultants will provide routine monitoring and inspection of the highway projects to ensure compliance with the state's quality standards and with specific performance requirements in the construction contract. Within the district offices, project managers will perform daily reviews of the work of the consultants to ensure that they are also in compliance with the terms of its contracts and conducting adequate inspections of the contractors' work. For example, according to state officials in the Lake City District Office, project managers should spend about 20 percent of their time providing oversight of the consultants, and the office has adequate resources to manage this workload.

FDOT Developed Automated System to Report Data on Jobs Created

In addition to other reporting requirements, the Recovery Act requires states to report on the number of direct jobs created or sustained, indirect jobs (to the extent possible), and total increase in employment since the act. The FDOT Office of Inspector General is responsible for ensuring compliance with the act's reporting requirements, and has developed an automated system—which was placed into operation on May 29, 2009—that captures and reports by contract the total number of employees, hours worked, and contractor's payroll amounts. For the months of June and July, the FDOT reported to FHWA that a total of 155 jobs were created as a direct result of Recovery Act-funded highway projects. FDOT officials stated FHWA will report data on the number of indirect jobs that were created. FDOT officials said they will also enter the information in the state's new automated Web-based Recovery Act reporting system.

Inspectors General Continue to Take Steps to Provide Oversight of Recovery Act Funds

Florida's Inspectors General reported taking a number of actions to provide oversight of Recovery Act funds. These included (1) providing fraud training; (2) reviewing reporting requirements, providing briefings, and monitoring agencies' progress toward implementation; (3) developing or modifying databases for reporting and planning to ensure data quality; (4) reviewing whether respective agencies had appropriate internal controls in place for the use of Recovery Act funds; (5) carrying out reviews of contracts and files of authorized projects; and (6) allocating staff and/or including oversight of Recovery Act funds in their work plans.

For example, as a partner in one effort, the Office of the Chief Inspector General helped train 459 government auditors, investigators, Inspectors General, and procurement employees on detecting fraud as of September 9, 2009. The Florida Department of Law Enforcement (FDLE) reviewed all Recovery Act reporting requirements and helped modify the agency's data system to capture required Recovery Act data. FDLE also assigned an auditor to provide independent oversight and monitoring of Recovery Act funding and added this oversight to its work plan. At the Agency for Workforce Innovation, the Inspector General initiated an internal audit of Recovery Act monitoring by the agency's program areas. And last, the Office of the Inspector General at the Florida Department of Transportation conducted a post-authorization file review of Recovery Act funded transportation projects in a number of the state's transportation districts.

Florida Has Efforts Under Way to Meet Recovery Act Reporting Requirements

The Florida Office of Economic Recovery has provided agencies with guidance on reporting requirements. It has done this through a series of conference calls and a memo released in early September, which outlines the basic requirements, plans, and time lines for agencies to meet the requirements of the Recovery Act. According to the head of the office, the recovery czar, Florida is waiting to finalize its guidance because officials want to make certain they fully understand the federal approach, which they believe has been shifting. State staff have broadly participated in the OMB Webinars.³⁴

Agencies receiving Recovery Act funds will compile the information required for Recovery Act reporting. Florida is developing a reporting system which will gather this information and upload it to the federal system. Each agency will have the option to delegate data entry to subrecipients or to enter Recovery Act information for them. Subrecipients will be required to use the state system for funds where the recipient is a state agency. Entities that are not state agencies but are recipients of Recovery Act funds directly from a federal agency will not report to the state system but directly to the federal system. According to the Recovery Czar, the state has begun gathering identifying information such as award numbers and loading it into the database that will comprise the initial data load of the state reporting system. The Recovery Czar said

³⁴Seven Webinars in total covered such topics as how to calculate and report job creation estimates and reporting from the perspective of the subrecipient.

his office has identified all 15 state agencies which are Recovery Act recipients subject to reporting requirements; loaded subrecipient information for 12 of the 15; and will be loading the others in the near future.

Officials have developed a draft data quality protocol and plan to have staff review the information in the state reporting system. At the agency level, the protocols require agencies to clearly communicate reporting requirements to subrecipients, including the data elements and the mechanics of the reporting process, and to have a process for verifying the information submitted, among other things. The draft protocols suggest that at the state level there will be reviews of summary level reports to look for outliers as well as evaluations of period-to-period changes. These would be coupled with procedures to identify and/or eliminate potential double counting due to delegation of reporting responsibility to subrecipients. According to the Recovery Czar, these protocols have not been finalized and will likely change when tested against the realities of data reporting.

To prepare for recipient reporting, the Recovery Czar said his office has performed an initial pilot by having three agencies provide the data to populate the state database. Dry runs and submission of test data to OMB are planned once they have the capability of receiving it. Staff have developed large and complex systems in the past, according to the Recovery Czar, and are developing and testing a system to generate the data extract required for inputs to the federal system.

Florida state officials have a number of concerns regarding Recovery Act reporting requirements. A major concern pertains to duplicate reporting. According to Florida Office of Economic Recovery meeting summaries, some federal agencies informed their state counterpart agencies that they should report information directly to the federal agency, in addition to, or instead of the federal site for data collection. Other concerns were the amount of work required to implement the reporting requirements; the fact that OMB guidance has left many questions unanswered—for example, which identifier to use for reporting on FHWA construction projects, and the logistics of uploading data to the federal site. Based on available guidance, Florida originally understood that it would be able to upload information on all awards across all agencies in a single transfer, but learned later that data would have to be uploaded separately for each

agency.³⁵ Finally, Florida officials said they are concerned that lack of clarity on how to calculate the number of jobs retained and created—for instance, the number of hours that constitute full-time work—could lead to inconsistencies among the states and recipient entities.

State Auditor Awaiting Additional OMB Guidance for Single Audit on Recovery Act Programs

The Florida Auditor General's office is awaiting additional OMB guidance on the Single Audit process. Officials said they need clarification of the required testing of internal controls at state agencies for fiscal years 2009 and 2010 under the Recovery Act. The Single Audit, a key accountability mechanism, assists in determining whether expenditures of federal funds are in compliance with applicable laws and regulations and the effectiveness of key internal controls related to the Recovery Act.³⁶ Although OMB provided guidance to states in August 2009,³⁷ officials in the Auditor General's office said it does not appear to reflect the final expectations for testing, time frames, and reporting on internal controls related to the Recovery Act. Similarly, Florida officials said the August guidance does not yet clearly address OMB audit requirements for Recovery Act reporting. Given that Recovery Act funds are to be distributed quickly, GAO reported that effective internal controls are critical to help ensure effective and efficient use of resources, compliance with laws and regulations, and accountability, including preparing reliable financial statements and other financial reports. The Auditor General's office is awaiting the issuance of the next addendum to OMB's Circular A-133 Compliance Supplement, which is due September 30, 2009. Meanwhile, the fiscal year 2009 single audit is under way and the Auditor General's office officials said they are concerned the September guidance will contain requirements they did not anticipate in planning their work, necessitating additional work on an accelerated time frame. Without more clearly defined and complete federal guidance, the officials said they have not yet established plans for fiscal year 2010 interim testing.

³⁵ According to Florida officials, they are continuing to work with OMB and others as these issues evolve.

³⁶ In Florida, the Auditor General is appointed by Florida's legislature and serves as the state's independent auditor for the Single Audit.

³⁷ OMB, "OMB Circular A-133 Compliance Supplement- Addendum #1" (June 2009). Although it is dated June 2009, OMB did not make the guidance available until August 2009.

**State Comments on
This Summary**

We provided the Special Advisor to Governor Charlie Crist, Florida Office of Economic Recovery, with a draft of this appendix on September 8, 2009, and he responded on September 10, 2009. The Florida official generally concurred with the information in the appendix and provided technical suggestions that were incorporated, as appropriate.

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