



**COUNTY AUDIT  
DEPARTMENT  
REPORT # 424  
May 21, 2024**

*An Audit of:*

**AMERICAN RESCUE PLAN  
NEIGHBORHOOD RESURFACING  
AGREEMENTS**



# Cindy Stuart

CLERK OF COURT & COMPTROLLER  
HILLSBOROUGH COUNTY

The Honorable Ken Hagan, Chair  
The Honorable Donna Cameron Cepeda  
The Honorable Harry Cohen  
The Honorable Pat Kemp  
The Honorable Gwen Myers  
The Honorable Michael Owen  
The Honorable Joshua Wostal

May 21, 2024

Dear Commissioners:

The Audit Team performed an audit of the Public Works American Rescue Plan (ARP) Neighborhood Resurfacing Agreements (**Audit Report #424, dated May 21, 2024**). Responses to the Audit Team's recommendations were received from the Director of Public Works and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management with an independent, objective analysis, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have or furnish additional information if desired.

Sincerely,

*Heidi Pinner*

Heidi Pinner, CIA CISA CFE CRMA  
Chief Audit Executive, Clerk of Court & Comptroller

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## EXECUTIVE SUMMARY

### BACKGROUND INFORMATION

The goal of the Public Works Department is to provide safe and efficient transportation within the County by maintaining roadways including patching potholes, tree trimming, and ditch maintenance. The department is also responsible for managing street paving, sidewalks, bridge maintenance, traffic signals, and street signs. Services provided by the Public Works department operate through two sections: Capital Programs and Engineering & Operations. The department also maintains stormwater systems and provides mosquito management.

On September 23, 2021, the Capital Improvement Program (CIP) project, C69684000 Roadway Pavement Preservation – ARP Funding, was established and approved by the County. The project was included in the FY22 CIP and the estimated costs were included within the adopted \$35 million budget. Public Works was tasked with determining how those funds could be expended by the County. The Planning Team within the Engineering and Operations department performed a study for which neighborhoods would benefit most from the Neighborhood Resurfacing program and provided their recommendations to Capital Programs for implementation. Public Works opened the project for bids through the Procurement department and outlined what requirements were expected to be met by the winning vendor(s). This included requiring road closure permits, using approved asphalt design mixes that included proper quality control and coverage requirements, along with requiring supporting documentation be submitted with the vendor’s Applications for Payments.



On February 2, 2022, the Hillsborough County Board of County Commissioners awarded two (2), two (2) year agreements (The Agreements) for ongoing and as-needed neighborhood roadway resurfacing and associated improvements throughout the County. Ajax Paving Industries of Florida, LLC (Ajax) and Hubbard Construction Company (Hubbard) were awarded the contracts at a total cost of \$37,175,944.04. Ajax was awarded a contract for the South County Area (\$19,578,817.49) and Hubbard was awarded for the North County Area (\$17,597,126.55).

## OBJECTIVE

The objective of the audit is to determine whether or not there are effective controls to monitor the performance of vendors that provide neighborhood resurfacing services which includes construction of roads and sidewalks.

## SCOPE

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

Audit procedures included interviews, observations, and testing of invoice and payment data and monitoring processes relative to The Agreements from July to September 2023.

## OVERALL EVALUATION

The Audit Team conducted interviews and reviewed samples of supporting documents to evaluate the controls surrounding the accuracy of the payment process, quality assurance, and contractors' performance.

### PROCESS STRENGTHS AND SUCCESSES

- **Asphalt mix designs are reviewed to ensure they meet the required specifications.**
- **Daily asphalt quality control testing is performed at work sites by either County staff or independently contracted vendors.**
- **Transportation permits for lane closure(s) are submitted and approved for each project.**
- **Continuous performance monitoring is performed on work sites by an inspector/project manager.**
- **Daily records of work completed are recorded by County staff and reconciled with vendor provided data to confirm accuracy.**
- **Application for payments were reviewed, approved and notarized to ensure appropriate payment.**
- **Payments were processed in compliance with the Prompt Payment Act.**
- **Of the original approximate 285 lane miles planned for resurfacing, 247 of them (87%) had been completed as of the end of testing.**

Full testing results are included on page 5 of this Report.

**OPINION**

Control Maturity Levels



The overall control environment relative to monitoring controls of The Agreements is at a managed maturity level. This means that the controls are well defined, monitoring techniques are employed, staff follow controls properly, and processes and procedures with a formal structure are in place. Additionally, process owners adhered to contractual requirements and an appropriate verification and approval process is in place to ensure unauthorized activities do not occur.

No corrective actions were required by management therefore in lieu of a formal exit conference a draft of the report was provided to management for comment prior to distribution.

**AUDITED BY**

Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive  
 Matthew Demler, CIA, Audit Manager  
 Terrell Alston, Internal Auditor

**AUDIT COMMENT 1: PAYMENTS AND QUALITY ASSURANCE**

**CONTINUOUS MONITORING**

**APPLICATIONS FOR PAYMENTS CONTAINED ALL SUPPORTING DOCUMENTS**

**APPROVED ASPHALT MIX DESIGNS WERE USED BY VENDORS**

**NO EXCEPTIONS**

**Adequate controls are in place to monitor construction payments and quality of work.**

Background

On September 23, 2021, the Roadway Preservation Project, with a budget of \$35 million, was established and approved by the Hillsborough County Board and was included in the adopted Fiscal Year 2022 (FY22) Capital Improvement Program.

The proposed Project Resurfacing Plan was designed to improve and preserve approximately 285 lane miles of County roadway in poor condition. The proposed projects include 8 major roadway corridors, 89 neighborhoods, and 32 localized repair locations throughout the County. Projects were identified by both condition inspections and Commissioner input that was based on community feedback.

As projects are completed, vendors submit supporting documentation with their Application for Payment, which is notarized as being complete and accurate, with their Schedule of Values. County staff review support to ensure all line items are correct versus support maintained by Public Works. Once confirmed, the necessary staff will approve and process the payment.

Test Procedure

The Audit Team obtained a listing of construction payments to both contractors and reviewed samples to determine if the payments contained the appropriate supporting documentation, evidence of quality assurance, and appropriate approvals.

This included reviewing whether or not:

- Samples were on the list of proposed projects.
- There was a Notice to Proceed and road closure permits filed.
- The Application for Payment amount matched the amount processed in Oracle.
- The Schedule of Values included appropriate line items and unit prices listed within the contracts.

**TESTING RESULTS**

Based on the testing performed on processed invoices, the Audit Team determined:

- All projects sampled were on the approved listing of identified projects for the Resurfacing Agreement.
- The Notice to Proceed were issued for all projects sampled prior to any work being performed by the vendors.
- Road closure permits were applied for and approved prior to work beginning on the project.
- Application for Payments were appropriate and contained all required documents, including the Schedule of Values (SOV) and appropriate approvals for work performed.
- Approved asphalt design mixes were current / up-to-date.
- Documentation for the quality control requirements and asphalt testing being performed at the work sites was maintained for all samples.
- Non-Price Items (NPI) were identified and included on the SOV when applicable.
- The NPI allowances per contractor are \$600,000.00 and had not been fully expended.
- Certificates of Final Completion were issued for the samples reviewed.

**RECOMMENDATION**

The Audit Team did not identify any material concerns that require management's corrective actions.



## AUDIT COMMENT 2: PERFORMANCE MEASURES

**RESURFACING  
LANE MILES**

**95% OF PROJECTS  
WERE COMPLETED  
AT 102% OF THE  
BUDGETED  
DOLLARS**

**NO  
EXCEPTIONS**

**Hubbard Construction Company and Ajax Paving Industries work performance appears to be in compliance with The Agreements.**

The objective was to evaluate the performance of work by both contractors awarded the Neighborhood Resurfacing Agreements.

Background

For these Agreements, Hillsborough County is divided geographically by State Road 60. North of State Road 60 is considered the North County Area where Hubbard was awarded their contract and south of State Road 60 is the South County Area where Ajax was awarded their contract.

Test Procedure

The Audit Team performed an analysis on the terms of The Agreements, based on different performance requirements and expected final lane miles, which were approved by the Board, to evaluate the work performed by Ajax Paving and Hubbard Construction. The analysis was meant to review if the final miles paved appeared reasonable based on the proposed budgets for the Neighborhood Resurfacing Agreements.

### TESTING RESULTS

The Audit Team reviewed the data from the samples selected to determine whether or not proper controls were in place to ensure the quality of work completed. The Audit Team determined the following:



**95%**  
Planned projects were completed.



**Near Budget**  
Overall, projects were finished timely and near budget.



<b>ARP Resurfacing Project Lane Mileage Completed and Cost Summary</b>									
<b>Company</b>	<b>Lanes Miles Completed(4)</b>	<b>Lanes Miles Planned(2)</b>	<b>%</b>	<b>Projects Completed(3)</b>	<b>Original Estimate</b>	<b>%</b>	<b>Project Cost to Date(1)**</b>	<b>%</b>	<b>Project Total Planned***</b>
<i>Hubbard</i>	123.24	127.54	97%	52	53	98%	\$13,822,801	100%	\$13,790,332
<i>Ajax</i>	97.09	102.98	94%	36	36	100%	\$11,079,823	109%	\$10,207,202
<i>CW Roberts and other contractors*</i>	26.98	46.1	59%	4	8	50%	\$8,180,626	98%	\$8,345,444
<b>TOTAL</b>	<b>247.31</b>	<b>276.62</b>	<b>89%</b>	<b>92</b>	<b>97</b>	<b>95%</b>	<b>\$33,083,250</b>	<b>102%</b>	<b>\$32,342,978</b>

- (1) Project Cost as of March 2024.
- (2) Lane Miles Planned - Reflects the lane miles for the canceled project - Carrollwood Grainary.
- (3) Projects Completed - Of the 8 major roads planned: 2 are completed and 2 are ongoing. 4 projects were moved out of ARP program (Wilder, Oakfield, Regents Park and Westshore).
- (4) Lane Miles Completed - Reflects lane miles removed for the 4 projects that were transferred out of ARP Program.

\* These contractors were out of the Audit Teams scope. Ajax and Hubbard received resurfacing contracts for 88 smaller, local roads, whereas the other vendors received contracts to perform major road repairs and enhancements.

\*\* This portion of the Neighborhood Resurfacing projects is still ongoing and the Projects Total Awarded is still fluctuating. Hubbard completed their projects under the original budgeted contract amount and Ajax was slightly over budget.

\*\*\* Total Estimate at Completion (EAC).

## RECOMMENDATION

The Audit Team determined that management has implemented adequate monitoring controls and the vendor’s activities appear to have met all performance standards set forth in the agreements. The Audit Team did not identify any material concerns that require management's corrective actions.