



# Florida Department of TRANSPORTATION

Office of Inspector General  
Kristofer B. Sullivan, Inspector General



Audit Report No. 18I-9009  
Transit Grant Awards Controls

May 28, 2019

## What We Did

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The Office of Inspector General (OIG) reviewed current district controls in place over the pre-award process for 5310 Program funding. Our objectives were to verify whether:

1. Districts are following existing pre-award phase guidelines (e.g., notification of award opportunities; convening of review panels);
2. Districts are following existing award phase guidelines (e.g., completion of risk assessment, grant file documentation); and
3. Any guidance has been issued by Central Office or districts regarding unallocated funding.

The engagement scope included the transit grants awarded and documentation from Fiscal Year (FY) 15/16 to the current practices of all seven districts and the Central Office.

## What We Found

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### **We determined through surveys and interviews:**

1. Districts generally followed existing guidelines for the pre-award phase. However, we identified a control weakness in existing guidance: the department has not established clear guidance for identifying and addressing conflicts of interest of selection panel participants (Finding 1).
2. During the award phase, districts did not consistently:
  - perform a risk analysis of each awardee (in order to customize monitoring procedures for award oversight) consistently performed, as required by federal grant regulations (Finding 2);
  - complete an on-site visit within the first year for each first-time applicant, as required by the State Management Plan (Finding 3).
3. The Central Office did not have a means of monitoring timely utilization of funding by the districts. (Finding 4).

We also identified best practices at the following districts:

- District 1 provides a detailed data checklist to every member of the review panel for each 5310 Program applicant.
- District 4 performs onsite visits using a checklist that mimics the triennial reviews required by the department.

- District 7 publishes local agency data (including location, routes, fleet size, operating hours and contact information) on an intranet site using visual tools.

### **What We Recommend**

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In accordance with Title 2 Code of Federal Regulations (CFR) 200.331(d), the department has a responsibility to monitor the subrecipients of the 5310 Program “as necessary to ensure that the subaward is used for the authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.”

**We recommend** the Central Office Transit Manager:

- ensure that the Transit Office provides written guidance for the recusal of a panel member if there is a conflict of interest.
- ensure district contract managers understand and comply with the risk assessment requirements of 2 CFR 200.331, the 5310 Manual, and FCCM Manual.
- ensure all transit employees follow the State Management Plan’s requirement for all first-time awardees (and agencies that have not received an award in two years) to be visited by the contract manager within the first year of receiving the award.
- develop written procedures to determine when and how underutilized funding should be addressed. These procedures should allow enough lead time to identify substantial amounts of underutilized funding to allow for the funds to be awarded in a fully accountable manner.

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## **BACKGROUND AND INTRODUCTION**

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### **5316 Job Access and Reverse Commute Program**

In 2017, a former Florida Department of Transportation (department) district transit staff member pled guilty to conspiracy to commit federal program theft. The employee used her authority to bypass the grant award process to ensure funds from the Federal 5316 Job Access and Reverse Commute Program were awarded to her husband's ministry. This employee was sentenced to probation and payment of restitution.<sup>1</sup>

The OIG reviewed the circumstances surrounding this case and determined the following contributing factors:

- A long-term employee of the department was highly trusted at the district and Central Office level.
- The employee did not convene a review panel prior to awarding the grant, but instead sole-sourced the contract. This decision was not questioned by the district.
- Using the pretext of "utilizing funding before it expired", the employee appealed directly to the Central Office to fast-track a batch of projects she described as shovel-ready. The project was included in a larger list of projects.
- At that time, Central Office did not have access to sufficient data to effectively monitor utilization of grant funding. Therefore, it was vulnerable to last minute requests of this kind rather than proactively identifying underutilized grant funds.
- The employee did not upload key documents for the award into the department's transit grant management program, TransCIP, to facilitate ease of Central Office review. (At the time, use of TransCIP was not mandatory for districts.)
- Central Office did not have a quality assurance procedure in place to verify the contents of grant award files.

As of July 2018, the Central Office began requiring all districts to use TransCIP consistently, after rolling out a substantial upgrade (TransCIP 2.0). Consistent use by districts will allow the Central Office to monitor utilization data timely and to access key grant documents in real time.

### **OIG Risk Assessment**

The department no longer funds the 5316 Job Access and Reverse Commute program. However, since the fraud involved the capital purchase of vehicles, the OIG identified the 5310 Program (Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities) as presenting the highest comparable risk. Most of the department's 5310 funding is used to fund vehicle purchases by local transit agencies.

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<sup>1</sup> The employee was sentenced to 36 months probation, six months home confinement, \$295,891 in restitution, and forfeiture of property up to the value of \$373,602.

### **5310 Program Pre-Award Process**

Based on the OIG's analysis of federal regulations and departmental policies and procedures, the 5310 pre-award process consists of the following components:

1. *Announcement of Funding Availability.*  
District offices announce the availability of grant application packages by the means appropriate to the local area (for example, by letter to interested parties, announcements at public meetings, or newspaper notices, etc.).
2. *Selection of Projects.*  
Section 5310 Program funds may be awarded only to private nonprofit organizations providing transportation to seniors and persons with disabilities, or to public bodies approved by the State to coordinate services for seniors and persons with disabilities (i.e., the Community Transportation Coordinator [CTC]). The agencies are evaluated and ranked based on merit and need. The district offices use the following criteria to evaluate applications:
  - service efficiency and effectiveness;
  - extent to which the community at-large is served by the applicant;
  - extent to which seniors and individuals with disabilities are served;
  - need;
  - fiscal and managerial capability; and
  - prior performance.
3. *Notice of Grant Award.*  
Once an agency is selected for an award, the district sends a Notice of Grant Award (NOGA) to the sub-recipient with instructions to sign and return it to the department. Thereafter, the contracting agency contacts the department contractor, Center for Urban Transportation Research (CUTR) to arrange for purchase of awarded vehicles or equipment.

In consultation with the Transit Office, the OIG developed a written survey for district transit managers to complete. We also visited Districts 1, 3, 4, 6 and 7 for in-person walkthroughs and interviews.

## **RESULTS OF REVIEW**

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During this audit, we sought to verify whether:

1. Districts are following existing pre-award phase guidelines (e.g., notification of award opportunities; convening of review panels);
2. Districts are following existing award phase guidelines (e.g., completion of risk assessment, grant file documentation); and
3. Any guidance has been issued by Central Office or districts regarding underutilized funding.

Regarding these objectives, we determined:

1. Districts generally followed existing guidelines for the pre-award phase. However, we identified a control weakness in existing guidance: the department has not established clear guidance for identifying and addressing conflicts of interest of selection panel participants (Finding 1).
2. During the award phase, districts did not consistently:
  - a. perform a risk analysis of each awardee (in order to customize monitoring procedures for award oversight) consistently performed, as required by federal grant regulations (Finding 2);
  - b. complete an on-site visit within the first year for each first-time applicant, as required by the State Management Plan (Finding 3).
3. Neither the Central Office nor the districts have developed policies or procedures regarding the disbursement of underutilized funds (Finding 4).

### **Finding 1 – Conflict of Interest Guidance for Panel Review Members**

**We determined** the department has not established clear guidance for identifying and addressing potential conflicts of interest among panel review members who select agencies to receive 5310 grant awards. This represents a control weakness over the pre-award process. In all other respects, we found districts generally followed existing guidelines for the pre-award process.

FDOT State Management Plan of 2016 states that:

*Applications shall be evaluated and ranked on the basis of merit and need by a minimum of three knowledgeable persons within each District. At least one evaluator shall be from outside the Department of Transportation, unaffiliated with any applicant under consideration, and familiar with transportation, public issues, needs in the district.*

Five of the seven districts surveyed indicated they regularly use employees of the Regional Planning Council, the Metropolitan Planning Organization, consulting services, representative agencies and other government agencies that support transit to include the department for the panel review team. There is a potential conflict of interest among regular panel members who may work closely with agencies applying for grants.

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The excerpt from the State Management Plan above does not provide clear guidance on what constitutes conflict of interest. The Federal Transit Administration (FTA) Circular 4220.1F Ch 3 (3) states that:

*...no employee, officer, agent, or board member, or his or her immediate family member, partner, or organization that employs or is about to employ any of the foregoing individuals may participate in the selection, award, or administration of a contract supported with FTA assistance if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of those individuals previously listed has a financial or other interest in the firm selected for award.*

Furthermore, the Federal Transit Administration Circular 4220.1F Ch 3 (1)(a) requires:

*... each recipient to maintain written standards of conduct governing the performance of its employees that are engaged in or otherwise involved in the award or administration of third party contracts.*

Panel members may select agencies for reasons outside of eligibility criteria if conflict of interest is not disclosed and members do not recuse themselves from the vote. Consequently, the selected agencies may not be best equipped or qualified to carry out the duties and responsibilities of the program.

**We recommend** the Central Office Transit Manager ensure that the Transit Office provides written guidance for the recusal of a panel member if there is a conflict of interest.

## **Finding 2 – Risk Analysis Required for Each Agreement**

**We determined** the districts did not perform a risk analysis for every agreement after the Notice of Grant Award during the award phase.

2 CFR 200.331 states (emphasis added):

*All pass-through entities must...Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward **for purposes of determining the appropriate subrecipient monitoring**, described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:*

- (1) The subrecipient's prior experience with the same or similar subawards;*

- (2) *The results of previous audits including whether or not the subrecipient receives a Single Audit...and the extent to which the same or similar subaward has been audited as a major program;*
- (3) *Whether the subrecipient has new personnel or new or substantially changed systems; and*
- (4) *The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)...*

(d) *...Pass-through entity monitoring of the subrecipient must include:*

- (1) *Reviewing financial and performance reports required by the pass-through entity.*
- (2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means...*

(e) ***Depending upon the pass-through entity's assessment of risk posed by the subrecipient*** (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) *Providing subrecipients with training and technical assistance on program-related matters; and*
- (2) *Performing on-site reviews of the subrecipient's program operations...*

The FDOT 49 U.S.C. Section 5310 Instruction Manual for Capital & Operating Assistance Applications – SFY2020 (5310 Manual) states:

*Prior to awarding FTA funds, the Department is required to conduct a risk assessment of the potential grantee/sub-recipient.*

In addition, the Florida Certified Contract Manager's (FCCM) Manual states: "All current agreements need to be identified to ensure that a risk analysis is conducted on every agreement." It is the first step in developing a monitoring plan. Some of the factors to be considered in determining risk include:

- total dollar amount of the agreements;
- complexity of services;
- risks to clients and citizens;
- provider's experience and expertise;
- provider's past performance;
- recipient or subrecipient determination; and
- program fiscal requirements.

Of the seven districts surveyed, three stated they do not conduct a risk analysis. Of the five districts visited, five were not able to provide documentation of a risk assessment for the grant files selected.

**We recommend** the Central Office ensure district contract managers understand and comply with the risk assessment requirements of 2 CFR 200.331, the 5310 Manual, and FCCM Manual.

### **Finding 3 – Onsite Visit for First-Time Applicants**

**We determined** the districts did not always perform a site visit for first-time applicants within the first year of receiving an award at all districts.

According to the FDOT State Management Plan 2016—Process for First-Time and New Subrecipients (Processes Section page 248):

*A site visit should be performed for all first-time and new agencies within the first year of receiving an award (**applies to all programs**), this could be done at the same time as the Program Management Oversight requirements.*

Three of the seven districts surveyed did not report a program for first-time subrecipients that included an onsite visit. The other four districts admitted they do not perform a site visit for first-time applicants.

Without an onsite visit within the first year, the district may not be aware of technical and reporting assistance an agency may need to meet the state and federal compliance requirements. This lack of compliance could potentially jeopardized federal funds. The district could also use this visit to provide support or training for compliance areas, such as:

- safety/security;
- maintenance activities;
- Single Audit compliance;
- Americans with Disabilities Act (ADA) compliance;
- disadvantaged business enterprise (DBE) program compliance;
- procurement compliance;
- drug and alcohol;
- Civil Rights Act—Title VI compliance;
- progress/quarterly reporting; and
- charter and school bus program compliance.

**We recommend** the Central Office Transit Manager ensure all transit employees follow the State Management Plan's requirement for all first-time awardees (and agencies that

have not received an award in two years) to be visited by the contract manager within the first year of receiving the award.

#### **Finding 4 – No Central Office Monitoring Procedure to Ensure Timely Utilization of Funding**

**We determined** the Central Office did not have a means of monitoring timely utilization of funding by the districts.

According to the survey we sent to each district, some of the processes followed by districts included:

- reverting funds back to Central Office;
- working with the agency to request only what is needed in the future;
- counsel the agency on invoicing before returning funds to Central Office; and
- discussing the repurposing of funds with the agency (directly by the district).

We were unable to test the processes for underutilized funds because, based on interviews with districts 1,3,4,6, and 7 there were no underutilized funds. However, this has not always been the case. As discussed in the Background and Introduction, above, the absence of timely monitoring in this area was previously exploited by a department employee to facilitate significant fraud.

2 CFR 200.303 states:

*The non-Federal entity must:*

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).*

Section 334.048, F.S. states:

- (3) The central office shall adopt policies, rules, procedures, and standards which are necessary for the department to function properly, including establishing accountability for all aspects of the department’s operations.*
- (4) The central office shall monitor the districts and central office units that provide transportation programs to assess performance; determine compliance with all applicable laws, rules, and procedures; and provide useful information for department managers to take corrective action when necessary.*

In describing one of the five main components of internal control (Information and Communication), the “Standards for Internal Control in the Federal Government” state:

*Effective information and communication are vital for an entity to achieve its objectives...Management obtains data on a timely basis so that they can be used for effective monitoring. (pages 58-59)*

Because the department does not monitor the utilization of 5310 grant funding, it risks:

- untimely deployment of resources to needed areas;
- waste and abuse at the district level;
- loss of federal resources by reversion.

The Central Office Transit Program has recently implemented a system upgrade for its grant management software system (TransCIP 2.0), and began requiring districts to use it. The use of this system should provide information to the Central Office regarding any underutilized funds.

**We recommend** the Central Office Transit Manager develop written procedures to address underutilized funding. These procedures should provide enough lead time to identify substantial amounts of underutilized funding and award these funds in a fully accountable manner.

## **BEST PRACTICES**

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We observed the following best practices at the district level.

### **Best Practice 1 – District 1 Review and Ranking Tool**

District 1 has a very detailed data tool that is given to every member of each review panel to aid in ranking and evaluating agencies that apply for the 5310 Program. These data reviews and ranking sheets contain four different weighted sections, titled as follows (see Attachment 1):

- Service Efficiency and Effectiveness;
- Extent to which Elderly Persons and Persons with Disabilities are Served;
- Need; and
- Fiscal and Managerial Capability and Prior Performance.

Each section lists between four and five criteria from the Section 5310 Instruction Manual for Capital & Operating Assistance Applications. This provides a uniform summary fact sheet of all applicants to aid panel review members in making their final decisions. In addition, it could provide a cover sheet for panel members notes that could be uploaded into TransCIP, making it available to be reviewed by Central Office.

### **Best Practice 2 – District 4 Detailed Checklist, Annual Site Visits**

District 4 completes an onsite checklist every year that mimics the triennial review required by the Central Office,<sup>2</sup> in order to prepare grantees for a successful review (see Attachment 2). The checklists will allow consultants performing the triennial reviews to tailor training and technical assistance to each grantee's needs. The 32 questions on the checklist cover the following topics:

- maintenance;
- Community Transportation Coordinator (CTC) agreements;
- Single Audit;
- ADA equivalent services;
- DBE;
- Civil Rights Act—Title VI;
- contracts & leases;
- procurement;
- charter bus;
- school bus;
- reporting;
- safety & security;
- drug & alcohol; and
- 5311 questions.

Completing annual visits and documenting recommendations allows the district to detect problems earlier than every three years, and help correct them before they develop into more serious issues. If uploaded to TransCip, the Central Office would have an opportunity to monitor issues of possible interest to other districts.

### **Best Practice 3 – District 7 Data Collection**

District 7 has implemented a data collection program to maintain district-wide information in one online location. The site includes an information-rich map using visual cues to indicate an agency's size as well as its location, routes, and types of populations served by each route (e.g., disabled). There are also separate pages for each agency listing all employees and their positions, operating hours, location fleet size, mission, and pictures of the building (see Attachment 3).

Using this information, the district can visualize underserved areas of the district when prioritizing grant awards. Smaller or newer agencies can compete with more established agencies (which benefit from established track records) by providing rides in areas not served.

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<sup>2</sup> The triennial quality assurance process required of the districts by Central Office should not be confused with the more comprehensive FTA Triennial Review of the department's transit programs.

## **APPENDIX A – Purpose, Scope, and Methodology**

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The **purpose** of this engagement was to review district controls in place over the pre-award process for 5310 Program funding.

The **scope** of this audit was the transit grants awarded and documentation from Fiscal Year (FY) 15/16 to the current practices of all seven districts and the Central Office.

The **methodology** included:

- a written survey for the district managers to complete;
- on-site interviews with transit employees regarding the 5310 Program; and
- review of relevant documentation.

## APPENDIX B – Management Response

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Section 20.055(6)(d), Florida Statutes (2018), provides management an opportunity to submit a written response within 20 working days after receipt of the Preliminary and Tentative (P&T) report. Below is management's response.

The OIG requests your response to the Transit Grant Award Controls Preliminary and Tentative Draft report in the format below. The findings and recommendations have been inserted for your convenience. For the following:

**Response to Finding** – *Select a response from the drop-down box.*

**Corrective Action** – *Should be clear, concise, and address the recommendation.*

**Estimated Completion Date** – *For action planned, taken, or already completed.*

Please complete this form and submit to the OIG within the 20-day response period, or by May 17, 2019. The format below the red line can be cut and pasted onto letterhead or a memorandum and then submitted.

Thank you for your cooperation.

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### Finding 1 – Conflict of Interest Guidance for Panel Review Members

**Finding:** We determined the department has not established clear guidance for identifying and addressing potential conflicts of interest among panel review members who select agencies to receive 5310 grant awards. This represents a control weakness over the pre-award process. In all other respects, we found districts generally followed existing guidelines for the pre-award process.

FDOT State Management Plan of 2016 states that:

*Applications shall be evaluated and ranked on the basis of merit and need by a minimum of three knowledgeable persons within each District. At least one evaluator shall be from outside the Department of Transportation, unaffiliated with any applicant under consideration, and familiar with transportation, public issues, needs in the district.*

Five of the seven districts surveyed indicated they regularly use employees of the Regional Planning Council, the Metropolitan Planning Organization, consulting services, representative agencies and other government agencies that support transit to include the department for the panel review team. There is a potential conflict of interest among regular panel members who may work closely with agencies applying for grants.

The excerpt from the State Management Plan above does not provide clear guidance on what constitutes conflict of interest. The Federal Transit Administration (FTA) Circular 4220.1F Ch 3 (3) states that:

*...no employee, officer, agent, or board member, or his or her immediate family member, partner, or organization that employs or is about to employ any of the foregoing individuals may participate in the selection, award, or administration of a contract supported with FTA assistance if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of those individuals previously listed has a financial or other interest in the firm selected for award.*

Furthermore, the Federal Transit Administration Circular 4220.1F Ch 3 (1)(a) requires:

*... each recipient to maintain written standards of conduct governing the performance of its employees that are engaged in or otherwise involved in the award or administration of third party contracts.*

Panel members may select agencies for reasons outside of eligibility criteria if conflict of interest is not disclosed and members do not recuse themselves from the vote. Consequently, the selected agencies may not be best equipped or qualified to carry out the duties and responsibilities of the program.

**Recommendation:** We recommend the Central Office Transit Manager ensure that the Transit Office provides written guidance for the recusal of a panel member if there is a conflict of interest.

**Response to Finding:** We concur with the finding and recommendation.

**Corrective Action:** The Transit Office will develop a Conflict of Interest form and recusal language requiring abstention of the panel member from the discussion of any award to an agency the panel member has a potential conflict with.

**Estimated Completion Date:** 6/30/19

## **Finding 2 – Risk Analysis Required for Each Agreement**

**Finding:** We determined the districts did not perform a risk analysis for every agreement after the Notice of Grant Award during the award phase.

2 CFR 200.331 states (emphasis added):

*All pass-through entities must...Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward **for purposes of determining the appropriate subrecipient monitoring**, described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:*

- (5) The subrecipient's prior experience with the same or similar subawards;*
- (6) The results of previous audits including whether or not the subrecipient receives a Single Audit...and the extent to which the same or similar subaward has been audited as a major program;*
- (7) Whether the subrecipient has new personnel or new or substantially changed systems; and*
- (8) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)...*

*(d) ...Pass-through entity monitoring of the subrecipient must include:*

- (3) Reviewing financial and performance reports required by the pass-through entity.*
- (4) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means...*

*(e) **Depending upon the pass-through entity's assessment of risk posed by the subrecipient** (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:*

- (2) Providing subrecipients with training and technical assistance on program-related matters; and*
- (2) Performing on-site reviews of the subrecipient's program operations...*

The FDOT 49 U.S.C. Section 5310 Instruction Manual for Capital & Operating Assistance Applications – SFY2020 (5310 Manual) states:

*Prior to awarding FTA funds, the Department is required to conduct a risk assessment of the potential grantee/sub-recipient.*

In addition, the Florida Certified Contract Manager's (FCCM) Manual states: "All current agreements need to be identified to ensure that a risk analysis is conducted on every agreement." It is the first step in developing a monitoring plan. Some of the factors to be considered in determining risk include:

- total dollar amount of the agreements;
- complexity of services;
- risks to clients and citizens;
- provider's experience and expertise;
- provider's past performance;
- recipient or subrecipient determination; and
- program fiscal requirements.

Of the seven districts surveyed, three stated they do not conduct a risk analysis. Of the five districts visited, five were not able to provide documentation of a risk assessment for the grant files selected.

**Recommendation:** We recommend the Central Office ensure district contract managers understand and comply with the risk assessment requirements of 2 CFR 200.331, the 5310 Manual, and FCCM Manual.

**Response to Finding:** We concur with the finding and recommendation.

**Corrective Action:** The Transit Office State Management Plan contains a risk assessment requirement and a risk assessment tool. The risk assessment tool will be evaluated to ensure that all the requirements of 2 CFR 200.331 are included. Additionally, this item will be included in the soon to be developed QAR process of the Districts.

**Estimated Completion Date:** The evaluation of the risk assessment tool will be completed by 5/31/19. The QAR process will begin in SFY 20 and will be ongoing.

### **Finding 3 – Onsite Visit for First-Time Applicants**

**Finding:** We determined the districts did not always perform a site visit for first-time applicants within the first year of receiving an award at all districts.

According to the FDOT State Management Plan—Process for First-Time and New Subrecipients (Processes Section page 248):

*A site visit should be performed for all first-time and new agencies within the first year of receiving an award (**applies to all programs**), this could be done at the same time as the Program Management Oversight requirements.*

Three of the seven districts surveyed did not report a program for first-time subrecipients that included an onsite visit. The other four districts admitted they do not perform a site visit for first-time applicants.

Without an onsite visit within the first year, the district may not be aware of technical and reporting assistance an agency may need to meet the state and federal compliance requirements. This lack of compliance could potentially jeopardized federal funds. The district could also use this visit to provide support or training for compliance areas, such as:

- safety/security;
- maintenance activities;
- Single Audit compliance;
- Americans with Disabilities Act (ADA) compliance;
- disadvantaged business enterprise (DBE) program compliance;
- procurement compliance;
- drug and alcohol;
- Civil Rights Act—Title VI compliance;
- progress/quarterly reporting; and
- charter and school bus program compliance.

**Recommendation:** We recommend the Central Office Transit Manager ensure all transit employees follow the State Management Plan's requirement for all first-time awardees (and agencies that have not received an award in two years) to be visited by the contract manager within the first year of receiving the award

**Response to Finding:** We concur with the finding and recommendation.

**Corrective Action:** The requirement has been in the State Management Plan since 2015. It has been discussed at Statewide District-Central Office workshops and during individual follow up meeting with each District. A potential explanation for the requirement not being followed is the lack of necessary resources at the District to allow for the required site visits to occur. This item will be added to the soon to be developed QAR process of the Districts.

**Estimated Completion Date:** The QAR process will begin in SFY 20 and will be ongoing.

#### **Finding 4 – No Central Office Monitoring Procedure to Ensure Timely Utilization of Funding**

**Finding:** We determined the Central Office did not have a means of monitoring timely utilization of funding by the districts.

According to the survey we sent to each district, some of the processes followed by districts included:

- reverting funds back to Central Office;
- working with the agency to request only what is needed in the future;
- counsel the agency on invoicing before returning funds to Central Office; and
- discussing the repurposing of funds with the agency (directly by the district).

We were unable to test the processes for underutilized funds because, based on interviews with districts 1,3,4,6, and 7 there were no underutilized funds. However, this has not always been the case. As discussed in the Background and Introduction, above, the absence of timely monitoring in this area was previously exploited by a department employee to facilitate significant fraud.

2 CFR 200.303 states:

*The non-Federal entity must:*

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).*

Section 334.08, F.S. states:

- (3) The central office shall adopt policies, rules, procedures, and standards which are necessary for the department to function properly, including establishing accountability for all aspects of the department’s operations.*
- (4) The central office shall monitor the districts and central office units that provide transportation programs to assess performance; determine compliance with all applicable laws, rules, and procedures; and provide useful information for department managers to take corrective action when necessary.*

In describing one of the five main components of internal control (Information and Communication), the “Standards for Internal Control in the Federal Government” state:

*Effective information and communication are vital for an entity to achieve its objectives...Management obtains data on a timely basis so that they can be used for effective monitoring. (pages 58-59)*

Because the department does not monitor the utilization of 5310 grant funding, it risks:

- untimely deployment of resources to needed areas;
- waste and abuse at the district level;
- loss of federal resources by reversion.

The Central Office Transit Program has recently implemented a system upgrade for its grant management software system (TransCIP 2.0), and began requiring districts to use it. The use of this system should provide information to the Central Office regarding any underutilized funds.

**Recommendation:** We recommend the Central Office Transit Manager develop written procedures to address underutilized funding. These procedures should provide enough lead time to identify substantial amounts of underutilized funding and award these funds in a fully accountable manner.

**Response to Finding:** We concur with the finding and recommendation.

**Corrective Action:** The policy has been to allow the District to reallocate underutilized funding among eligible recipients with unmet needs. This process needs to be formalized.

**Estimated Completion Date:** 8/31/19

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**DISTRIBUTION**

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## **PROJECT TEAM**

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Approved by:  
Kristofer B. Sullivan, Inspector General

## **STATEMENT OF ACCORDANCE**

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The department's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

The Office of Inspector General's mission is to promote integrity, accountability, and process improvement in the Department of Transportation by providing objective, fact-based assessments to the DOT team.

This work product was prepared pursuant to section 20.055, Florida Statutes, in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Please address inquiries regarding this report to the department's Office of Inspector General at (850) 410-5800.

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**ATTACHMENT 1 – District 1 Review and Ranking Tool**

**STRUCTURE OF DISTRICT 1 REVIEW AND RANKING TOOL**

The following diagram lays out the essential headings in the District 1 Review and Ranking Tool. The original document lists the four ranking criteria from left to right in an extra-large spreadsheet, and contains additional annotations and formatting.

<b>ONE: SERVICE EFFICIENCY AND EFFECTIVENESS</b>											
Review A-1 Fact Sheet. Applicants who provide a greater percentage of trips of E & D per vehicle that provides service to the E & D population will earn more points. Applicants who provide more hours of operation per day and per week will earn more points.											
Application #	County	Agency Name	Expansion or Replacement vehicle requested	Federal Amount Requested	# trips per year	# of vehicles that provide E & D trips	E & D trips per vehicle	Points (0-12)	Hours per week	Points (0-8)	Criteria One (0-20 pts)
<b>Capital (Projects)</b>											
<b>Operating (Projects)</b>											

  

<b>TWO: EXTENT TO WHICH ELDERLY PERSONS AND PERSONS WITH DISABILITIES ARE SERVED</b>					
Review A-1 Fact Sheet. Applicants that provide more trips for their Elderly & Disabled (E & D) population as a % of total trips will earn more points. Examine the project and system description and coordination efforts of the applicant. Applicants that maximize transportation benefits to best serve the E & D population in their community will earn more points.					
# of one-way trips served by the agency (for all purposes)	# of E & D trips per year	Trips per E & D population	Points (0-12)	Best Serve E & D and Community (0-15 pts)	Criteria Two (0-25 pts)

  

<b>THREE: NEED</b>					
Evaluated the project description and budget. Applicants that can demonstrate they serve or propose to serve, the largest number of eligible passengers, and have the most urgent financial needs will earn more points.					
# of individual E & D served (unduplicated)	Points (0-10)	Degree of Financial Need (0-10 pts)	Vehicle Condition (Avg. miles of the vehicle to be replaced)	Points (0-10)	Criteria Three (0-35 pts)

  

<b>FOUR: FISCAL AND MANGERIAL CAPABILITY AND PRIOR PERFORMANCE</b>				
Applicants with good fiscal capability demonstrated by the overall quality of their application, by prior audits, and previous timeliness and accuracy of required reports, will earn more points. Applicants with a history of meeting contractual obligations and maintenance requirements for Section 5310 vehicles will also earn more points.				
Prior Audit Compliance (0-3 pts)	Previous Timeliness and Accuracy of Reports (0-7 pts)	History of meeting contractual obligations (0-5 pts)	Overall Quality of Application (0-5)	Criteria Four (0-20 pts)

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**ATTACHMENT 2 – District 4 Detailed Checklist, Annual Site Visits**

**SUB-RECIPIENT SITE VISIT CHECKLIST**

AGENCY: \_\_\_\_\_

AGENCY STAFF PRESENT: \_\_\_\_\_

DATE/TIME OF REVIEW: \_\_\_\_\_

REVIEWER(S): \_\_\_\_\_

PROGRAM(S) \_\_\_\_\_ BEING \_\_\_\_\_ REVIEWED: \_\_\_\_\_

Issues or Concerns Warranting a RETURN VISIT: ☐ YES ☐ NO

If YES, what time frame? \_\_\_\_\_

This On-Site Transit Monitoring Review is an assessment to determine if the transit agency is in compliance with State and Federal requirements. The reviewer(s) will coordinate all required site visits with the agency grant recipient. This monitoring visit can be coordinated with other required site visits (Bus System Safety, Vehicle Inventory, etc.) per FDOT Central Office procedures.

If the review of the recipient's files revealed any problems, discuss each of those problems with the recipient. Make discussion notes part of the documentation of the site visit.

**CHECKLIST**

**Pre-Site Visit Review Work**

1. If the pre-monitoring review of the recipient's files revealed any problems, discuss each problem with the recipient. Make discussion notes a part of the documentation for the site visit. If no problems were found, this check is not applicable. Make sure you have a signed standard lobbying certification form for any sub-recipient agreement at \$100,000 or more. Make sure you have a valid EPLS search in your file for the agency.

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\_\_\_\_\_  
\_\_\_\_\_

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**Maintenance**

1. Does the recipient have a Written Vehicle Preventative Maintenance Plan? (All recipients are required to have a written Preventative Maintenance Plan, review the plan for completeness and to assure it meets all the requirements for the FDOT Preventative Maintenance Guidelines for Small Buses, Vans and Wagons.)

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2. Is maintenance performed to manufacturer's specifications or has the agency determined an interval based on their own operational data? (If the recipient has been the subject of a safety inspection at any time during the previous year, or if this visit is in conjunction with a safety inspection, this section may be omitted.)

*(For example, are inspections scheduled and accomplished at recommended intervals? Ask to see the inspection schedule for at least one vehicle (you pick the vehicle) and compare the recommendation with actual reports of maintenance for that vehicle. The inspection schedule should either come from the manufacturer's recommendation or from the State Fleet Program Procedures. A sampling of records is adequate (check 2 or 3 records; it is not necessary to make a comprehensive check of all maintenance records). If records are not clear or complete, contact the Central Office.*

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3. Are vehicles clean and free of obvious body damage? (For an annual visit that does not include the biennial inspection required by the Vehicle Inventory Management Procedure, check only the vehicles that are readily available.)

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4. During each visit try to ride in a vehicle with passengers if it can be arranged without great inconvenience to the agency or the passengers.

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5. Request a copy of the most current mileage for all of the recipient's vehicles.

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Is the Current Vehicle Mileage Attached: ☐ Yes ☐ No

6. Do all of the recipient's vehicles have a valid registration, proof of insurance, and Florida Motor Carrier Compliance Office (MCCO) vehicle exemption form filled out and available upon request with the vehicle?

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7. If the facility occupied by the recipient was funded with either federal or state funding, does the recipient have the required Facility Maintenance Plan?

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**CTC & CTC Agreements**

1. If the review of the recipient's files revealed any problems, discuss each of those problems with the recipient. Make discussion notes as part of the documentation for the site visit.

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2. Does a recipient who is not a CTC maintain coordination or a transportation operator contract with the CTC? (Unless the recipient is a local government providing fixed route/fixed schedule service.)

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**Audit**

1. Review the agency's most recent A-133 audit performed in accordance with the Single Audit Act. Ask the agency if there are any audit exceptions included in the audit, and discuss these with the agency to determine the nature and severity of the exceptions. Review the Recipient/Subrecipient Single Audit Procedure No. 450-010-001, or contact the Office of the Inspector General at SunCom 278-2501 if you have additional questions regarding the audit findings. *(An A-133 audit is required for any entity that exceeds \$500,000 or more in Federal awards in a single year. If the entity expends less than \$500,000 in Federal awards in a year they are exempt from the Federal audit requirements for that year.)*

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**ADA Equivalent Services**

1. If the recipient has signed a certification of equivalent services to persons with disabilities, ask them to show you how this equivalency is verified in terms of response time, fares, geographic area, hours and days, restrictions on purpose, availability of information, and reservations capability (do they have a TDD [telecommunications device for the deaf], are materials available in Braille?), and constraints on capacity or service availability. If they are unable to produce any method of verification, or if the verification does not make sense to you, contact the Central Office.

2. Do sub recipients comply with the following ADA requirements?

- |  |                              |                             |                          |
|--|------------------------------|-----------------------------|--------------------------|
| 1. Allow service animals<br>N/A  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> |
| 2. Use of accessibility features<br>N/A  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> |
| 3. Public information/communications<br>N/A  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> |
| 4. Lift deployment at any designated stop<br>N/A   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> |
| 5. Service to persons using respirators or portable oxygen<br><input type="checkbox"/> N/A | <input type="checkbox"/> Yes | <input type="checkbox"/> No |                          |
| 6. Adequate time for vehicle boarding and disembarking<br><input type="checkbox"/> N/A     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |                          |

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**DBE**

1. Is the recipient undertaking and documenting the necessary and reasonable steps required by FTA for compliance with the Federal DBE Program requirements?

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**Title VI**

1. Is there any evidence of discrimination on the basis of race, color, national origin, gender, age, religion or creed in service, employment, or purchasing? Has the recipient provided information on the rider's rights regarding Title VI (on website, in vehicles, on printed materials)? Are the phone number and name of the contact person for filing a Title VI complaint clearly visible? Has the agency submitted a copy of its Title VI plan to the Department for posting on the Department's Transit Title VI webpage? (Title VI Compliance Process provides additional guidance)

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**Contracts & Leases**

1. If the recipient has entered into contract(s) with other public and/or private agencies for the lease of vehicles and/or equipment, ask about the status of these contracts, whether and by what means the recipient has maintained "effective control.

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**Procurement**

1. Does the recipient have a written purchasing policy? Does it meet state requirements as outlined in Chapter 287, F.S., and federal purchasing requirements? Have they requested third-party contract approval using the Department's third party contract checklist? Have they obtained a standard lobbying certification form from any contractor to which they contract for \$100,000 or more in work? Has the recipient included documentation of a valid EPLS search for any subcontractors?

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**Charter Bus (Charter Service Monitoring/Review Process provides additional guidance)**

Recipients are prohibited from using federally funded equipment and facilities to provide charter service if a registered private charter operator expresses interest in providing the service. Recipients are allowed to operate community based charter services except under the federal regulations, (49 CFR Part 604).

1. What charter service is provided by the recipient and under what exemption is it provided?

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2. If applicable, how does the recipient obtain information to report all charter services provided under the exceptions by its contractors, and lessees?

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3. How does the grantee ensure that its employees, subrecipients, contractors, and lessees have the necessary competency to effectively use the FTA charter registration website?

**School Bus Requirements**

Recipients are prohibited from providing exclusive school bus service unless the service qualifies and is approved by the FTA Administrator under an allowable exemption. Federally funded equipment or facilities cannot be used to provide exclusive school bus service. School tripper service that operates and looks like all other regular service is allowed. (49 CFR Part 605 and Final Policy Statement on FTA's School Bus Operations Regulations 73 FR 53384 September 16, 2008)

1. Does the grantee or a subrecipient provide school "tripper service"? If yes, how is the service promoted to the general public?

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**Reporting**

Recipients that receive Section 5307, 5311, and State Public Transit Block grant funds must collect, record and report financial and non-financial data in accordance with the Uniform System of Accounts (USOA) and the National Transit Database (NTD) Reporting Manual. (49 USC 5335(a) and F.S. Chapter 341.052).

All other recipients are required to report based on reporting requirements identified in their JPAs (typically in Exhibit A for JPAs and Attachment A for SJPA's).

**1. Progress/Quarterly Reporting**

When was the Recipient's last progress or quarterly report? Is it timely and consistent with the JPA/SJPA? Was it entered into or uploaded into TransCIP? (Recipient's projects in TransCIP should be reviewed prior to the on-site review.)

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**2. NTD**

When did the recipient last provide a complete report to NTD of all transit operations?

\_\_\_\_\_

\_\_\_\_\_

**3. How does the grantee ensure correct reporting of operating expenses for ADA complementary paratransit?**

\_\_\_\_\_

\_\_\_\_\_

**4. What is the system for collecting unlinked passenger trip and passenger mile information? If the grantee uses automatic passenger counters (APCs), verify the agreement with NTD and note in this section. How does the grantee validate the counts throughout the year?**

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\_\_\_\_\_

**Safety and Security Requirements**

Recipients shall develop a transit safety plan that complies with Department standards established in 14-90 and certify to the Department that the recipient has implemented

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the plan. (49 USC Chapter 53, 49 CFR Part 630 & 659, and F.S. Chapter 341.061 and FAC Chapter 14-90)

1. Has the recipient submitted their safety plan to the District Office? How is the safety function managed? Has the recipient certified to the District Office they have implemented the plan?

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**Drug and Alcohol Requirements**

All Recipients are required to maintain a drug-free workplace for all employees and to have an ongoing drug-free awareness program. Recipients receiving Section 5307, 5339 or 5311 funds that have safety-sensitive employees must have a drug and alcohol testing program in place for such employees. (49 CFR Parts 32, 40, & 655)

1. How does the recipient comply with its obligations to have a written policy as prescribed in the Drug-Free Workplace that is distributed it to all transit-related employees?

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2. How does the recipient document that it has a drug and alcohol testing program for safety-sensitive employees as defined by FTA? If applicable, how does it ensure that subrecipients, contractors, subcontractors and lessees with safety-sensitive employees have drug and alcohol testing programs?

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**Additional 5311 Related Questions**

1. If the recipient serves an urbanized area, do the records support the allocation of costs to 5311? *(Not applicable if the recipient's service area is exclusively non-urbanized.)*

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2. If the service is designed to maximize usage by the Transportation Disadvantaged, are the words "public transportation" properly displayed on vehicles and on printed materials?

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*(For an annual visit that does not include the biennial inspection required by the Vehicle Inventory Management Procedure, check only vehicles that are readily available. Check any brochures, advertisements, schedules, and public notices etc. that have been printed over the previous year.).*

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3. Does the recipient operate deviated fixed route or fixed route service? If operating fixed route, do they have a complementary ADA Paratransit Plan? How do they qualify clients for ADA paratransit services? The regulation stipulates that the service is equivalent in response time, fares, hours, days of service, has no restrictions based on trip purpose and has no capacity of service availability constraints. Are these criteria being met?
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4. Ask the recipient if they prioritize trips. Are they denying any trips? Plan?
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5. Do you bill according to trip rate (per trip) or direct cost? If by trip rate as for rate justification.
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At the end of the visit, ask the recipient if they have any questions about or problems with DOT policies and procedures that they need to discuss further. If questions arise that you are unable to answer immediately, make the commitment to follow up quickly.

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ATTACHMENT 3 – District 7 Data Collection

