



Florida Department of TRANSPORTATION

Office of Inspector General Memorandum

A handwritten signature in black ink, appearing to read "KSullivan".

TO: Elizabeth Stutts, Transit Office Manager

FROM: Kristofer B. Sullivan, Inspector General

DATE: December 11, 2019

SUBJECT: OIG Project No. 19I-7002, Big Bend Transit Agency

COPY: Tom Byron, Assistant Secretary for Strategic Development
Robert Westbrook, Assistant State Transit Manager
Erin Schepers, Public Transportation Manager

The Office of Inspector General (OIG) has completed the consulting service requested by the Transit Office to assist in assessing the cost allocation methodology of Big Bend Transit, Inc. (Big Bend) to develop best practices for other state transit agencies.

Below are the agreed upon objectives and our conclusions:

Objective 1: Obtain Big Bend's existing cost allocation procedures.

We were unable to obtain a copy of Big Bend's cost allocation procedures, despite multiple requests. We concluded the procedures have not yet been formally documented.

Objective 2: Outline Big Bend's written cost allocation process and compare to methodology discussed in American Association of State Highway and Transportation Officials (AASHTO) and United States Department of Transportation (USDOT) cost allocation models.

Big Bend's cost allocation model is neither a perfect match to USDOT Optional Model nor to AASHTO, but it does comply with the requirements of Title 2, Part 200.45, Code of Federal Regulations (C.F.R.) —Allocable costs. The AASHTO model recommends allocating direct service costs by weighting ridership counts according to route miles and route hours used. Big Bend uses ridership counts to prorate costs between Medicaid and all other programs. Big Bend then bills fifty percent of non-Medicaid costs to the 5311 Program.

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Because Big Bend spans two of the Department's districts (District Two, representing Madison and Taylor Counties; and District Three, representing Leon, Gadsden and Jefferson Counties), Big Bend takes the additional step of allocating the Department's percentage of costs by county based on the following:

- Drivers are assigned to a particular county;
- Dispatchers are associated with a particular district; and
- Administrative staff are prorated evenly to all five counties.

Big Bend does not charge non-payroll related costs to the Department's 5311 Program.

Objective 3: Determine if the Big Bend's cost allocation model is applicable as a **best practice** for other transit agencies.

We determined Big Bend's cost allocation model does not qualify as an overall best practice, because the model:

- Is not fully documented; and
- Does not incorporate mileage as a variable, as suggested by the AASHTO and USDOT models.

However, we identified the following components of Big Bend's procedures that should be considered individual best practices:

- **Best Practice 1 - Ridership Statistics.** Big Bend compiles accurate ridership statistics to support its cost allocation.
- **Best Practice 2 - Trained Administrative Staff.** Big Bend has hired and retained staff members with adequate training and experience to perform its cost allocation duties. The general manager has been with Big Bend for over 17 years and is knowledgeable of the daily operations. The administrative services manager has formal education in accounting with eight years of experience at Big Bend.
- **Best Practice 3 - Use of Technology.** Big Bend has issued tablets to its drivers to facilitate proper record keeping. Riders are issued electronic fare cards; route authorizations are uploaded to the card at the time of reservation (by phone, online or by downloadable phone application); reservations are preloaded into the driver tablets. This practice aids the accuracy of Big Bend's bus driver route schedules, fare collection, and compilation of rider statistics.
- **Best Practice 4 – Computer Security.** The computer systems are backed up nightly at an off-site facility and includes network security such as firewalls.¹ The tablets have role-based access controls, which allow access based upon an employee's position at Big Bend. These controls help protect private client information.

¹ OIG did not fully test systems; based on interviews.

Additional Observations

We also identified the following information that may assist the Transit Office in developing statewide guidance for cost allocation at transit agencies:

- *Observation 1 - Local Variances.* Because of its particular circumstances (spanning two districts), Big Bend must consider additional variables than suggested by established models. In developing statewide guidance on cost allocation, the Transit Office may consider:
 - Providing technical support for an established model or models; and
 - Allowing local transit agencies flexibility in developing their own cost allocation methodologies in response to local circumstances, provided these methodologies are approved by the Department. The OIG may be available to assist in methodology reviews.
- *Observation 2 - Conflicting District Guidance.* We observed Big Bend is monitored by two Department districts, each with different billing requirements impacting its final cost allocation. District Two requires the billing data to be rounded down to the nearest cent, but District Three requires the billing data to be rounded up to the nearest cent. Requiring the Department's grantees to follow more than one set of procedures creates an unnecessary administrative burden.