

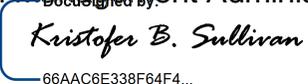


Office of Inspector General

Memorandum

DATE: March 25, 2021

TO: Kellie Smith, Planning and Environmental Management Administrator

FROM: Kristofer B. Sullivan, Inspector General 
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COPIES: Alison Stettner, Director, Office of Policy Planning
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SUBJECT: OIG Project No. 20I-002, Ocala/Marion TPO

The Florida Department of Transportation's (Department) Office of Inspector General (OIG) conducted an audit of the Ocala/Marion Transportation Planning Organization (TPO), a District Five subrecipient of the Department, to evaluate the governance structure and associated fiscal financial management processes. This audit was conducted as a result of our annual risk assessment and work plan.

The scope of this audit was from January 1, 2019 through December 31, 2019.

During this audit, we determined that the Ocala/Marion TPO is implementing Department financial management processes but have noted issues related to the District's implementation of Department financial management processes. Additionally, we determined that invoice policies and preparation are not in accordance with contract GOW40. We also determined that the Ocala/Marion TPO Board governance concerns brought to our attention by the District have been resolved.

The findings and recommendations for this audit are further detailed in an audit report, to be published soon on the OIG website.

This memorandum contains two additional observations related to the audit which are opportunities for improvement concerning:

- Communication between District 5 and the Ocala/Marion TPO; and the
- Staff/Director timesheet review.

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Observation 1 – District 5 and TPO Communication

We observed an opportunity for improvement regarding the communication between the District Liaison and the Ocala/Marion TPO. Information was not effectively communicated concerning the TPO's risk level, invoicing procedures, and the appropriate processes for treatment of de-obligated funds.¹

Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book) states the following regarding communication:

- (a) 14.05 – The oversight body receives quality information that flows up the reporting lines from management and personnel. Information relating to internal control communicated to the oversight body includes significant matters about adherence to, change in, or issues arising from the internal control system. This upward communication is necessary for the effective oversight of internal control.
- (b) 14.08 – Based on consideration of the actors, management selects appropriate methods of communication. Management periodically evaluates the entity's methods communication so that the organization has the appropriate tools to communicate quality information throughout the entity on a timely basis.
- (c) 15.04 - Management receives information through reporting lines from external parties. Information communicated to management includes significant matters relating to risks, changes, or issues that impact the entity's internal control system. This communication is necessary for the effective operation of internal control. Management evaluates external information received against the characteristics of quality information and information processing objectives and takes any necessary actions so that the information is quality information.

During the audit, breakdowns in communication between the District and TPO were present as evidenced by the following occurrences:

Joint Certification Results

Each year the District is to present the results of the annual Joint Certification to the TPO Board no later than February 15; however, the District did not present the 2019 Joint Certification results to the board until August 2020 due to an administrative oversight.

For the 2018 Certification year, due to invoicing issues, the Department assigned the TPO a risk level of "high", which required them to remain under specific conditions. This required the TPO to submit a full invoice package with all backup documentation for

¹ De-obligation is only done in the second year of the Unified Planning Work Program (UPWP). Metropolitan Planning Organizations (MPOs) and Transportation Planning Organizations (TPOs) can take funding from one UPWP year to use in the first years of the new UPWP. According to the MPO Handbook, Section 3.10, 3.10.1 and 3.10.2, this is allowable.

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invoiced items for monitoring review of all invoices consistent with the Code of Federal Regulations 200.207. On February 25, 2020, the District Liaison met with the TPO Executive Director to discuss the results of the 2019 certification process. The risk level was adjusted to low-risk as reflected in the 2019 Joint Certification. During this meeting, the District informed them that they were on low-risk but with “elevated status” until December 31, 2020. Use of the term “elevated status” contributed to miscommunication as the TPO understood “elevated status” to require specific conditions. This also created confusion about how much documentation should be required for submission. “Elevated status”² is a higher risk level that requires either the submission of three invoice packages including all supporting documentation or three site visits. See Table 2.

Table 1: Frequency of Review

Score	Risk Level	Frequency of Monitoring
> 85 percent	Low	Annual
68 to < 84 percent	Moderate	Bi-annual
52 to < 68 percent	Elevated	Tri-annual
< 52 percent	High	Quarterly

Source: Metropolitan Planning Organization (MPO) Program Management Handbook

A low risk level does not require all supporting documentation; only the submission of an invoice summary, an itemized expenditure detail report, and progress report to complete the invoice package.

The 2019 Joint Certification results contained the following language:

“The risk assessment calculation this certification period is Low, however at the Department’s discretion the monitoring review level will be at the elevated level which means that the Department will do a full review of three invoices this certification period (January 1, 2020 through December 31, 2020).”

The District did not communicate the updated results clearly, and the TPO left the meeting under the impression that they were under an elevated risk level and would have to continue under specific conditions. As a result of the misunderstanding, the TPO continued to submit full documentation for every invoice under specific condition

² Risk Assessments are quantified and scored to assign a level of risk for each MPO, which will be updated annually during the joint certification process. The results of the Risk Assessment determine the minimum frequency by which the MPO’s supporting documentation for their invoices is reviewed by District MPO Liaison for the upcoming year.

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requirements until April 30, 2020, even though it was no longer necessary under the TPO's new risk level.

The District should have been clear that despite the frequency of monitoring requirement assigned to any given risk assessment level, the monitoring review level can be adjusted at the District's discretion. The District also should have clarified the difference in requirements between being on specific conditions (requiring *all* supporting documentation for *every* invoice) and being on an elevated risk assessment level (requiring *all* supporting documentation for *three* invoices).

The August 25, 2020 TPO Board meeting minutes confirm that the 2019 Joint Certification results were presented to the Board by District Five's Government Liaison Administrator:

"The TPO moved from high-risk to low-risk regarding invoicing but would remain at a 'monitoring elevated risk' status over the next year due to being taken off special conditions."

The lack of clarity regarding requirement differences between risk assessment levels, monitoring review levels, and specific conditions led to inaccurate application of monitoring activity requirements. The District should specify these differences to provide clarity and prevent future confusion.

Federal Transit Administration (FTA) Invoicing Guidance from District Liaisons

During our audit, TPO staff expressed confusion regarding District Liaison guidance concerning reimbursement eligibility and invoice requirements concerning invoice and service dates across FTA Section 5305(d)³ and Federal Highway Administration (FHWA) Planning invoices. Based on the rejection of a previous invoice (invoice date preceding grant execution), the TPO believed if the invoice date falls within the grant execution date, the invoice is eligible for reimbursement. When another invoice was submitted that met those terms, the TPO was advised to correct the invoice because it lacked proper detail of services by date (pre- and post-grant execution).

The TPO indicated this issue could be the result of an overall lack of guidance and consistent communication regarding invoice requirements with FTA and FHWA contracts.

³ MPO's are funded primarily with FHWA Metropolitan Planning (PL) funds and FTA Section 5303/5305(d) funds, both of which are apportioned to States for the purpose of metropolitan transportation planning. FTA funds are secured annually through the FTA Metropolitan Planning Program.

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Negative Balance for FTA Contract G0W40

In August of 2019, the TPO requested that several invoices be charged to the 18/19 Unified Planning Work Program (UPWP) during the 19/20 UPWP year. The TPO was advised by the District that no invoices should be billed to the 18/19 UPWP despite still being within the two-year fund. Charging to the 19/20 UPWP plan year resulted in a negative budget balance for the TPO. The District did not realize this until February 2020 and the resolution was billing to the 18/19 UPWP as the TPO had originally done. The TPO has requested a meeting with the District to discuss the process and approaches for submitting invoices for a prior fiscal year within the two-year UPWP.

Observation 2 – Staff/Director Timesheet Review

We observed an additional opportunity for improvement regarding District review of timesheets to determine supervisory review and issues with determining the accuracy of MPO timesheets.

After noting that a previous Ocala/Marion TPO Executive Director's timesheets were not being reviewed, the Office of Policy Planning (OPP) issued technical memorandum 19-05-REV on August 2, 2019, which required that an MPO/TPO establish a procedure for review of the Executive Director's timesheets and expense reimbursements by:

- 1) MPO Board approval quarterly (at a minimum) at regularly scheduled MPO Board meetings; or
- 2) Having a Board member review and approve in advance of payment.

Prior to January 2020, TPO staff had not submitted timesheets for supervisor signature. Additionally, the District was not reviewing timesheets for evidence of supervisory signature. The TPO self-implemented supervisor signoffs of staff timesheets as of January 2020.

The District has indicated that their current timesheet review process does not allow them the ability to determine issues with timesheet falsification and that TPO staff would need to continue to inform them of potential issues.

OPP has updated the language in the annual Joint Certification form to require the review of director timesheets on a more regular basis starting the 2021 monitoring year.