



Florida Department of TRANSPORTATION

Office of Inspector General Kristofer B. Sullivan, Inspector General

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Kristofer B. Sullivan

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September 23, 2021

Audit Report No. 21P-004
Grant Funded Vehicle Management

What We Did

The Office of Inspector General conducted an audit of the Federal Transit Administration's Section 5310 Program¹ grant-funded vehicle purchases within the Florida Department of Transportation's (Department) Transit Office. The purpose of this engagement was to determine whether the Department is maintaining a complete inventory of vehicles and is listed as a lienholder for all vehicles purchased with Transit grant funds in fiscal year (FY) 2018-19. We conducted the audit as part of the FY 2020-21 work plan.

What We Found

We determined 248 (78%) of the 319 vehicles purchased with Transit grant funds during FY 2018-19 were inventoried accurately in the Vehicle Inventory Database.

Additionally, **we determined** the Department was listed appropriately as the lienholder on the application submitted to the Florida Department of Highway Safety and Motor Vehicles (FLHSMV) for 314 (98%) of the 319 vehicles purchased with Transit grant funds during FY 2018-19. However, the Department was not listed as a lienholder for 45 vehicles, 40 of which were incorrectly input by FLHSMV into their system.

What We Recommend

We recommend the State Transit Manager:

- implement additional data input controls to ensure an accurate inventory of vehicles purchased with Transit grant funds is maintained;
- continue efforts to migrate the vehicle inventory to TransCIP 2.0;² and
- implement additional controls and procedures to ensure the Department is listed as the first lienholder for vehicles purchased with Section 5310 funds.

¹ Established under Title 49, United States Code, § 5310.

² Transportation Capital Improvement Program System.

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BACKGROUND AND INTRODUCTION

The Federal Transit Administration allocates funds to the State of Florida for the Section 5310 Program³ on an annual basis. The Grants Administration Section of the Florida Department of Transportation's (Department) Transit Office is designated to administer this program. Section 5310 funds may be used for capital and operating expenses of transit services to seniors or individuals with disabilities, which includes the purchase of buses, vans, or other vehicles. The Transit Office is responsible for the procurement of vehicles purchased under Section 5310 and works alongside the Center for Urban Transportation (CUTR) to facilitate vehicle purchases.

The Transit Office's Federal Transit Grants Manager in Central Office (CO) manages the Department's inventory of vehicles procured under Section 5310. Data included in this inventory is comprised of vehicle information such as: year, make, model, Vehicle Identification Number (VIN), Control Number,⁴ and subrecipient for each vehicle. The vehicle inventory was maintained in a Microsoft Access database located on the Transit Office's shared network drive until July 2020, at which point migration to the Transportation Capital Improvement Program, or the TransCIP 2.0 System, began. The TransCIP 2.0 system is a web-based grant management system designed and developed specifically for use by the Department and other key transportation industry organizations.

The Department retains the Certificates of Title for Section 5310 vehicles and is listed as the primary lienholder on the Certificate of Title on Florida Highway Safety and Motor Vehicle (FLHSMV) records. The Department remains the primary lienholder until the vehicle has reached the end of its useful life, at which point the subrecipient may submit a request for lien release to the Department.

The request for lien release is evaluated based on vehicle useful life standards, which are outlined in the State Management Plan. If a vehicle has met the standards, subrecipients may also submit a request for early lien release on certain vehicles. These vehicle requests are processed on a case-by-case basis by the CO Transit Office Operations Section, where supplemental documentation, including vehicle maintenance records, is reviewed. The decision to grant an early lien release lies with the State Transit Manager or the Operations Administrator. Once an early lien request has been approved, the Federal Transit Grants Manager processes the lien release with FLHSMV and updates the Department's records in the vehicle inventory database.

³ Established under Title 49, United States Code, § 5310.

⁴ The unique identification number assigned to a vehicle by the Department once the vehicle has been purchased, received, and titled to the recipient with the Department as the first lienholder.

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RESULTS OF REVIEW

We conducted an audit of Section 5310 Program grant funded vehicle purchases by the Department's Transit Office to evaluate the Department's vehicle management and adherence to applicable laws, policies, and procedures.

Finding 1 – Vehicle Inventory Database

We determined 248 (78%) of the 319 vehicles purchased with Transit grant funds during FY 2018-19 were inventoried accurately in the Microsoft Access Vehicle Inventory Database.

The Department's State Management Plan Part 2 states:

The CO shall retain the titles of any vehicle purchased with federal funds under a grant award from the Department and any vehicle purchased with fifty percent (50%) or more of Department funding. The Statewide Vehicle Inventory will be maintained by the CO. This inventory will include a record of control numbers assigned to these vehicles. The CO shall update the inventory on a continuous basis, using data submitted by the DO⁵ and the TRIPS⁶ Program Contractor.

Title 49, Part 18, Code of Federal Regulations (CFR) - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Subpart C-Post Award Requirements states:

Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

The Department's Transit Office maintains a Microsoft Access inventory database of all vehicles purchased with grant funds. Vehicles are inventoried in this database after they have been delivered to the subrecipient and inspected. Currently, CUTR completes a Vehicle Information Form and submits it, along with the invoice, to CO for review and approval. CO uses the Vehicle Information Form to input the vehicle into the Access database.

During FY 2018-19, 319 purchase orders (POs) were created to acquire vehicles with Transit grant funds. We determined 71 of the 319 (22%) vehicles acquired with grant funds were not accurately accounted for in the vehicle inventory database. Of the 319 vehicles reviewed, we noted:

⁵ District Office.

⁶ Transit Research Inspection Procurement Services.

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- 248 (78%) POs where both the VIN and Control No. matched the VIN and Control No. in the Access database;
- 26 (8%) POs where either the VIN or Control No. did not match the VIN or Control No. in the Access database; and
- 45 (14%) POs where neither the VIN nor Control No. were in the Access database.

The Vehicle Inventory Database was maintained in a Microsoft Access file by CO staff until July 16, 2020, at which point migration of vehicle data to the TransCIP 2.0 System began. As of the time of this audit, this migration was still in progress.

The Transit Office believes that the TransCIP 2.0 program will mitigate many of the risks associated with the manual data entry involved with the Microsoft Access database. TransCIP 2.0 is a web-based application, allowing persons outside of CO to access information in the vehicle database. CUTR will have the ability to enter vehicle information directly to the database, bypassing the need for the Vehicle Information Form. Additionally, District Office staff and the subrecipients will have the ability to access vehicle data and notify CO of errors or inaccuracies in the database.

We recommend the State Transit Manager implement additional data input controls to ensure that an accurate inventory of vehicles purchased with Transit grant funds is maintained. **We also recommend** the State Transit Manager continue the efforts to migrate the vehicle inventory from Microsoft Access to TransCIP 2.0.

Finding 2 – Vehicle Lienholder Information

We determined the Department was listed appropriately as the lienholder on the application submitted to the FLHSMV for 314 (98%) of the 319 vehicles purchased with Transit grant funds during FY 2018-19. However, the Department was not listed as a lienholder for 45 vehicles, 40 of which were incorrectly input by FLHSMV into their system.

The Department's Section 5310 Grant Application Instruction Manual, Section 3, Section 5310 Compliance Requirements (2021) states:

The [Department] shall be named as the only lien holder for all vehicles acquired for the project. Should these vehicles no longer be required for the project, the Department's share of the acquisition shall be returned to the Department as described in the Transit Vehicle Inventory Management Procedure.

We reviewed FLHSMV records regarding the 319 vehicles acquired with transit grant funds in FY 2018-19 (see Table 1).

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Table 1 – Lienholder Data for Vehicles Purchased in FY 2018-19

Lienholder	Number of Vehicles	Percentage
FDOT	273	85.58%
FDOT Credit Union	40	12.54%
Lien Released	1	0.31%
None	3	0.94%
None, but FDOT is Customer	2	0.63%
Grand Total	319	100.00%

Source: Auditor created based on data obtained from FLHSMV

Of the 273 vehicles for which the Department was listed as a lienholder, there were 12 variations in Department name, including “Florida Department of Transportation”, “FDOT”, “Department of Transportation”, and variants containing spelling errors.

Of the 45 vehicles for which the Department was not a lienholder, 40 (13%) were the result of a FLHSMV error. The Application for Certificate of Title for these vehicles were submitted to FLHSMV by the dealer with the Department of Transportation listed as the only lienholder. However, the FLHSMV erroneously listed the FDOT Credit Union as the lienholder in their records.

The Transit Office is currently in the process of having these 40 FLHSMV records corrected to list the Department, not FDOT Credit Union, as the lienholder. The Transit Office is also working with the dealerships to ensure that the Department's identification number is included on the information provided to FLHSMV to help eliminate this error from occurring in the future.

Of the remaining five vehicles for which the Department was not listed as the lienholder, two records have been corrected with FLHSMV by the Transit Office during our audit, and the remaining three records are in the process of being corrected.

We recommend the State Transit Manager implement additional controls and procedures to ensure the Department is accurately listed as the first lienholder for vehicles purchased with Section 5310 funds.

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine whether the Department is:

- maintaining a complete inventory of vehicles; and
- listed as a lienholder for all vehicles purchased with Transit grant funds in fiscal year (FY) 2018-19.

The **scope** of this audit included records, reports, and documentation related to grant funded vehicle purchases for FY 2018-19.

The **methodology** included:

- reviewing applicable federal and state laws;
- reviewing Department manuals, policies, and procedures;
- interviewing appropriate Department employees;
- reviewing Purchase Orders for vehicles acquired in FY 2018-19;
- reviewing Department vehicle inventory records; and
- reviewing Florida Highway Safety and Motor Vehicle records.

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APPENDIX B – Management Response

Erin Schepers, Grant Programs Administrator in the Transit Office, provided the following response by email on September 20, 2021:

Finding 1 – Vehicle Inventory Database

Finding: We determined 248 (78%) of the 319 vehicles purchased with Transit grant funds during FY 2018-19 were inventoried accurately in the Microsoft Access Vehicle Inventory Database.

Recommendation: We recommend the State Transit Manager implement additional data input controls to ensure that an accurate inventory of vehicles purchased with Transit grant funds is maintained. We also recommend the State Transit Manager continue the efforts to migrate the vehicle inventory from Microsoft Access to TransCIP 2.0.

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

Corrective Action: The transfer of the remaining inventory into TransCIP is expected to be completed by December 31, 2021. Once completed, any new vehicles will be input directly into TransCIP, and a monthly report of all new entries will be used to monitor for accurate data entry and will be compared to the Department of Highway Safety and Motor Vehicle VIN lookup for verification.

Estimated Completion Date: All remaining vehicle inventory entered into TransCIP by December 31, 2021. Monthly reports for data entry verification to begin December 31, 2021, and continue on the 15th of every month.

Finding 2 – Vehicle Lienholder Information

Finding: We determined the Department was listed appropriately as the lienholder on the application submitted to the FLHSMV for 314 (98%) of the 319 vehicles purchased with Transit grant funds during FY 2018-19. However, the Department was not listed as a lienholder for 45 vehicles, 40 of which were incorrectly input by FLHSMV into their system.

Recommendation: We recommend the State Transit Manager implement additional controls and procedures to ensure the Department is accurately listed as the first lienholder for vehicles purchased with Section 5310 funds.

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

Corrective Action: Monthly reports of all new vehicles will be run on a monthly basis beginning on December 31, 2021, and continuing every month thereafter on the 15th of each month. Transit staff will use this report to lookup all new vehicles in the

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Department of Highway Safety and Motor Vehicles VIN lookup to ensure that the Department of Transportation has been entered correctly as the lien holder on all vehicles purchased with Section 5310 funds.

Estimated Completion Date: New process to begin December 31, 2021. Monthly reports for lienholder verification to begin December 31, 2021, and continue on the 15th of every month.

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PROJECT TEAM

Engagement was conducted by:
Shelby Altomari, Auditor

Under the supervision of:
Paul Lowery, Senior Audit Supervisor
Amy Furney, Deputy Audit Director for Performance and Information Technology
Joseph W. Gilboy, Director of Audit

Approved by:
Kristofer B. Sullivan, Inspector General

STATEMENT OF ACCORDANCE

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 provide independent and objective investigative and audit services that promote accountability, integrity, and efficiency within the Florida Department of Transportation and its partners.

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.