



Florida Department of Transportation
Office of Inspector General
Kristofer B. Sullivan, Inspector General

The Ride Solution

Audit Report No. 24I-006

DocuSigned by:
Kristofer B. Sullivan
 66AAC6E338F64F4
 August 15, 2025

What We Did

The Florida Department of Transportation's (Department) Office of Inspector General conducted an audit of The Ride Solution's accounting and financial management policies and processes. Additionally, we evaluated the financial management controls of Department funds to ensure invoices and expenses are in accordance with federal regulations, Florida statutes, Department guidelines, and The Ride Solution's Grant Agreements G1L31 and G2197. The scope of this audit was Agreements G1L31 and G2197 for fiscal years (FY) 2020 through 2023. We conducted this audit as part of the FY 2023-24 audit plan.

What We Found

We determined The Ride Solution is partially compliant with written accounting policies and financial management procedures in accordance with federal regulations, Florida statutes, and Department policies and procedures. The Ride Solution does not have an adopted and formalized written accounting policy as required by 2 C.F.R. 200.302(b)(7), Financial Management. However, we found The Ride Solution's invoicing desk procedures and processes comply with Rule Chapter 69I-40, Bureau of Auditing, Florida Administrative Code (F.A.C.), the Department of Financial Services Reference Guide for State Expenditures, and the Department Disbursement Handbook.

We determined The Ride Solution's invoiced costs, expenses, and ridership data were in compliance with federal regulations and Florida statutes but were not compliant with the Agreements.¹ The Ride Solution's invoiced costs under Agreement G1L31 and G2197 were expended on allowable, reasonable, necessary, and allocable expenses, as outlined in Title 2, Part 200, Code of Federal Regulations. The Ride Solution's invoiced costs for Agreement G2197 invoiced costs are reasonable, based on actual expenses, and are properly documented in accordance with Florida statutes, Department guidelines, and the Agreements.

However, the five invoices submitted for Agreement G1L31 and seven invoices for Agreement G2197, representing all invoices for the covered periods, were not submitted within the required timeframe, as specified by the Agreement, Section 10(c), Exhibit B, and the Transit Financial Management and Oversight Manual, Section 7.2 Invoice Submittal Frequency.

¹ Agreements G1L31 and G2197 covered the periods from April 23, 2020, to July 31, 2023, and November 17, 2021, to June 30, 2022, respectively.

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What We Recommend

We recommend the Department's Public Transit Office Manager collaborate with The Ride Solution's management to ensure sufficient policies and procedures are formalized and adopted to comply with federal regulations.

We recommend the Department's Public Transit Office Manager ensure that the District Two Intermodal Systems Development Modal Manager collaborates with The Ride Solution's management to ensure that future invoices meet the required timeframes for submittal and number of invoices in accordance with Agreements and the Transit Financial Management and Oversight Manual.

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BACKGROUND AND INTRODUCTION

Public transit services provide essential linkages between different modes of transportation. The Florida Department of Transportation (Department) Transit Office consists of three sections, (Grants and Procurement, Transit Operations, and Transit Planning), each of which has specific areas of responsibility. Transit services provide numerous opportunities to move people and goods through multiple modes, including highways/streets, air, rail, sea, spaceports, and an ever-expanding deployment of bicycle and pedestrian facilities.

Transit grants subsidize the operational costs of transit agencies or enable vehicle purchases, unlike other grant programs (which typically support construction costs). Transit agencies that receive federal funding are required to follow Title 2, Part 200, Code of Federal Regulations (C.F.R.)-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, otherwise known as the Uniform Grant Guidance, to manage their federally assisted grants. All pass-through entities must ensure their subrecipients are following the federal requirements. Some operational grants awarded by the Department may fund specific routes for specific purposes, while others may subsidize the overall budget of the transit agency.

The Ride Solution

The mission of The Ride Solution is to give a lift to improve the mobility, health, and economic stability of Putnam County.

The Ride Solution, formerly known as ARC Transit, was established in 1986. The transit agency is located in Palatka, Florida, in Putnam County. Putnam County has an estimated population of 75,955, who are served by the transit agency. The Ride Solution is a nonprofit agency and is the designated County Transportation Coordinator responsible for public transit throughout all of Putnam County, Florida. Palatka's historic train station serves as the system's hub, offering access to Greyhound and Amtrak routes. The original paratransit services have been expanded to include regular bus services, express bus services, and vanpools.

The Ride Solution provides on-demand transportation services. Demand response services are point-to-point services often used by people with disabilities or people unable to travel on fixed-route service. The majority of The Ride Solution's revenue comes from human service agency clients.²

The Ride Solution's Relationship with the Department

The Ride Solution is primarily funded by government assistance programs.

²Human services transportation includes a broad range of transportation service options designed to meet the needs of transportation disadvantaged populations including older adults, disabled persons, and/or those with lower income.

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The Florida Transportation Disadvantaged program fund allows riders who qualify to receive transportation at a minimal cost. Other funding sources include grants from commuter assistance, formula grants, and federal pass-through funds. The Ride Solution is located within the geographic location of the Department's District Two and is assigned a grant manager who is responsible for the oversight of the pass-through funds to ensure compliance with federal regulations, Florida statutes, and the terms of the Agreements.

The Ride Solution had a total of seven active contracts during the scope of this engagement. The two agreements under review are cost reimbursement grants: "Public Transportation Grant Agreement" (PTGA) Agreement G1L31, and PTGA Agreement G2197. These agreements outline the terms and conditions upon which Federal Transit Administration (FTA) and Department funds are to be disbursed, and set forth the required deliverables and tasks that will be undertaken and completed.

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RESULTS OF REVIEW

We conducted an audit of The Ride Solution with the following objectives:

1. Determine if The Ride Solution's written accounting policies and financial management procedures are in accordance with federal regulations, Florida statutes, and Department policies and procedures.
2. Determine whether The Ride Solution's invoices, expenses, and ridership data are in accordance with federal regulations, Florida statutes, and Grant Agreements G1L31 and G2197.

Finding 1 - Written Policies and Procedures

We determined The Ride Solution is partially compliant with written accounting policies and financial management procedures in accordance with federal regulations, Florida statutes, and Department policies and procedures. The Ride Solution does not have an adopted and formalized written accounting policy as required by 2 C.F.R. 200.302(b)(7), Financial Management. However, we found The Ride Solution's invoicing desk procedures and processes comply with Rule Chapter 69I-40, Bureau of Auditing, Florida Administrative Code (F.A.C.), the Department of Financial Services Reference Guide for State Expenditures, and the Department Disbursement Handbook.

The criteria used to evaluate The Ride Solutions compliance with federal regulations, Florida statutes, and Department policies are as follows:

- 2 C.F.R. 200.302(b)(6) requires written procedures to implement the requirements of 200.305.
- 2 C.F.R. 200.302(b)(7) requires written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award.
- 2 C.F.R. 200.303 (a)-(d) Internal Controls.
- Rule 69I-40.002, Requirements, F.A.C.
- Government Accountability Office's Standards for Internal Controls in the Federal Government (2014) (GAO Green Book).
- Disbursement Handbook for Employees and Managers Invoicing Process.
- Department of Financial Services Reference Guide for State Expenditures.
- Grant Agreement G1L31 PTGA Grant.
- Grant Agreement G2197 PTGA Grant.

The detailed criteria used for this finding are in Attachment 1.

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We reviewed and evaluated the following documents to determine compliance with federal regulations, Florida statutes, and Department policies and procedures:

- The Ride Solution Procurement Policy
- The Ride Solution Month End Close
- The Ride Solution Monthly Procedures

The Ride Solution does not have an adopted and formalized written accounting policy as required by 2 C.F.R. 200.302(b)(6), which requires written procedures for implementing the requirements outlined in 2 C.F.R. 200.305, and 200.302(b)(7), which requires written procedures for determining the allowability of costs in accordance with 2 C.F.R. 200, Subpart E-Cost Principles. The Ride Solution does have desk procedures that ensure compliance with Florida statutes and Department policies and procedures.

We recommend the Department's Public Transit Office Manager collaborate with The Ride Solution's management to ensure sufficient policies and procedures are formalized and adopted to comply with federal regulations.

Finding 2 - Financial Management Controls

We determined The Ride Solution's invoiced costs, expenses, and ridership data were in compliance with federal regulations and Florida statutes but were not compliant with the Agreements.³ The Ride Solution's invoiced costs under Agreement G1L31 and G2197 were expended on allowable, reasonable, necessary, and allocable expenses, as outlined in Title 2, Part 200, Code of Federal Regulations. The Ride Solution's invoiced costs for Agreement G2197 invoiced costs are reasonable, based on actual expenses, and are properly documented in accordance with Florida statutes, Department guidelines, and the Agreement. However, the five invoices submitted for Agreement G1L31 and seven invoices for Agreement G2197, representing all invoices for the covered periods, were not submitted within the required timeframe as specified by the Agreement, Section 10(c), Exhibit B, and the Transit Financial Management and Oversight Manual, Section 7.2 Invoice Submittal Frequency.

The criteria used to evaluate financial management compliance with federal regulations, Florida statutes, and Agreements G1L31 and G2197 are as follows:

- 2 C.F.R. 200.305 Federal Payments
- 2 C.F.R. 200.405 Allocable Costs
- 2 C.F.R. 200.413 Direct Costs
- Section 215.86, F.S. Management System and Controls (2023)
- Section 215.97, F.S. Florida Single Audit Act (2023)
- DFS Reference Guide for State Expenditures (2023)

³ Agreements G1L31 and G2197 covered the periods from April 23, 2020, to July 31, 2023, and November 17, 2021, to June 30, 2022.

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- Department's Disbursement Handbook for Employees and Managers
- Transit Financial Management & Oversight Manual
- Grant Agreement G1L31 PTGA
- Grant Agreement G2197 PTGA

The complete criteria detailed for this finding are in Attachment 1.

We reviewed supporting documents, including invoices, progress reports, and documentation of deliverables, to verify compliance with Agreements G1L31 and G2197, Exhibit A, to ensure The Ride Solution met Department approved formats and reimbursement criteria as outlined in Section 10(c) of the Agreements.

We reviewed supporting documentation to assess compliance with Agreements G1L31 and G2197, Exhibit A. This review focused on verifying adherence to Department approved formats and ensuring compliance with the reimbursement criteria outlined in Section 10(c) of the Agreements. The supporting documents reviewed included:

- Transit Invoice Form
- Expenditure Detail
- Cost Allocation Budget
- Progress Report
- Ridership Data
- Payroll Journal
- Cancelled Checks
- Vendor Invoices

We reviewed the following line-item expenses: operations labor, administration labor, fringe benefits, services, materials and supplies, utilities, casualty and liability costs, taxes, miscellaneous expenses, leases and rentals, and supporting documentation submitted to the District to determine compliance with 2 C.F.R. 200-Cost Principles and Agreement G1L31, Exhibit A. All expenses for the five invoices were found to be allowable under 2 C.F.R. 200.403, reasonable as per 2 C.F.R. 200.404, allocable as per 2 C.F.R. 200.405, and necessary as per 2 C.F.R.200.405(a)(3), and the Agreement. Additionally, we verified that the total amounts on the invoice packages match those amounts in the Florida Accountability Contract Tracking System.

Agreements G1L31 and G2197, Section C of Exhibit B, and Section 10(c) of the Agreements specify that The Ride Solution is required to submit invoices monthly and no more often than monthly.

To determine the required submission date, the auditor used a thirty-day period from the end of the invoice period.

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Agreement G1L31

The 5311 Rural Areas Grant⁴ for Agreement G1L31 was used to pay salaries, fringe benefits, and other direct costs. We reviewed and evaluated the five invoices totaling \$240,979 for the period of April 23, 2020, through July 31, 2023.

The invoices submitted for the review period did not comply with the monthly due date and submission requirement, one per month, as detailed in Table 1.

Table 1 – Invoice Compliance period with G1L31 Exhibit B

G1L31 Monthly Invoice Submission						
Invoice #	Invoice Amount	Invoice Period	End of Billing Period	Invoice Due Date	Date Invoice Received by District Two	Number of Days Submitted After Due Date
G1L31-1	\$1,849.94	04/01/2021 04/30/2021	4/30/2021	5/31/2021	7/7/2021	37
G1L31-2	\$48,774.34	04/01/2023 04/30/2023	4/30/2023	5/31/2023	9/25/2023	117
G1L31-3	\$50,624.28	04/10/2023 05/31/2023	5/31/2023	6/30/2023	10/9/2023	101
G1L31-4	\$76,784.10	06/01/2023 06/30/2023	6/30/2023	7/31/2023	11/13/2023	105
G1L31-5	\$63,164.64	07/01/2023 07/31/2023	7/31/2023	8/31/2023	12/4/2023	95

Source: Created by Auditor from The Ride Solution invoices provided by District Two.

⁴ This refers to funding provided through the Federal Transit Administration's Section 5311 Rural Transit Assistance Program, 49 U.S.C. 5311.

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Agreement G2197

The 5311(f) Rural Areas Grant⁵ Agreement G2197 was used to provide intercity bus operating assistance. We reviewed and evaluated the seven invoices totaling \$329,195 for the period of November 17, 2021, through June 30, 2022.

The seven invoices submitted for the review period were not in compliance with the terms found in Exhibit "B," Section C regarding the submission due date as detailed in Table 2.

Table 2 – Invoice Compliance period with G2197 Exhibit B

G2197 Monthly Invoice Submission						
Invoice #	Invoice Amount	Invoice Period	End of Billing Period	Invoice Due Date	Date Invoice Received by District Two	Number of Days Submitted After Due Date
G2197-1	\$47,931.97	12/01/2021 12/31/2021	12/31/2021	1/31/2022	6/15/2022	135
G2197-2	\$52,601.22	01/01/2022 01/31/2022	1/31/2022	2/28/2022	7/1/2022	123
G2197-3	\$47,174.53	02/01/2022 02/28/2022	2/28/2022	3/31/2022	8/4/2022	126
G2197-4	\$33,056.21	03/01/2022 03/31/2022	3/31/2022	4/30/2022	8/22/2022	114
G2197-5	\$48,422.86	04/01/2022 04/30/2022	4/30/2022	5/31/2022	9/9/2022	101
G2197-6	\$39,427.06	05/01/2022 05/31/2022	5/31/2022	6/30/2022	9/28/2022	90
G2197-7	\$66,580.78	06/01/2022 06/30/2022	6/30/2022	7/31/2022	11/17/2022	109

Source: Created by Auditor from The Ride Solution invoices provided by District Two.

⁵ This refers to funding provided for Intercity Bus Routes through the Federal Transit Administration's Section 5311 Rural Transit Assistance Program, 49 U.S.C. 5311.

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In May 2021, The Ride Solution contracted with the CPA firm James Moore to assist with financial management accounting services, financial reporting, and agency budgeting.⁶ The Ride Solution attributed delays in invoicing to the large volume of monthly documentation and limited staffing resources.

We recommend the Department's Public Transit Office Manager ensure that the District Two Intermodal Systems Development Modal Manager collaborates with The Ride Solution's management to ensure that future invoices meet the required timeframes for submittal and number of invoices in accordance with Agreements and the Transit Financial Management and Oversight Manual.

⁶ While The Ride Solution contracted with Jame Moore, CPA to assist with financial management services, the firm did not provide services for the two Agreements within the scope of this engagement.

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to evaluate the financial management controls of Department funds to ensure invoices and expenses are in accordance with federal regulations, Florida statutes, Department guidelines, and Grant Agreements (Agreement) G1L31 and G2197.

The **scope** of this audit consisted of the Department Agreements G1L31 and G2197 FYs 2020-21 and 2022-23.

The **methodology** included:

- A walkthrough of The Ride Solution invoicing process.
- Review of Florida statutes, federal regulations, Department policies and procedures.
- Documentation reviews:
 - Agreement G1L31 invoices with supporting documentation for expenses billed to the Department.
 - Agreement G2197 invoices with supporting documentation for expenses billed to the Department.
 - Single Audit Reports for Ride Solution for 2021 and 2022.
 - The Ride Solution Procurement Policies and Procedures.
 - The Ride Solution Monthly Procedures.
 - The Ride Solution Month End Close.
 - The Ride Solution Handbook for Employees.
 - The Ride Solution Ridership Data for G1L31 and G2197.
- Interviews with staff members:
 - Department District Two Staff; and
 - The Ride Solution Staff.

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APPENDIX B – Affected Entity Response



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Audit Report No. 241-006
Management Response**

Below, please find Ride Solution's management response to the above-referenced audit.

Finding 1 "Written Policies and Procedures"

Ride Solution concurs with Finding 1 and is in the process of constructing a "formalized written policy as required by 2 C.F.R.200.302(b)(6)". Once the policies are reviewed by our CFO, James Moore, they will be reviewed and adopted by the Ride Solution Board of Directors. Staff had reached out to James Moore, FDOT D2, as well as two rural Community Transportation Coordinators in search of policy examples but none of the four had anything available. Staff are therefore developing the policies in-house. A procedures framework, with expected due date, and draft Accounts Receivable policy are to be found in Attachment 1.

Finding 2 "Financial Management Controls"

Given that, per Audit Report No. 241-006, "Public transit services provide essential linkages between different modes of transportation" the work of rural transit, in general, and Ride Solution, in particular are of an essential nature and therefore deserving of the scrutiny and analysis necessary to ensure success and sustainability. While we were thankful that "Ride Solution's invoiced costs, expenses, and ridership data were in compliance with Federal Regulations and Florida Statutes", the question as to whether there were Ride Solution costs that were eligible for reimbursement, per Federal Regulations and Florida Statutes, but were denied reimbursement by FDOT District 2 remains unexamined. The fiscal health of these small, rural transit systems, that receive perhaps a third of the state and federal subsidy per capita that urban transit systems receive, is of critical importance given the essential nature of the systems that they develop and hold in place.

Per our estimates, rural CTC's in a third of the rural counties in Florida that do not receive 5307 have gone out of business since the roll-out of Medicaid Reform in May of 2014, with Clay Transit being the most recent. As a result of Medicaid Reform's local impact on Medicaid and Medwaiver revenues, Ride Solution was forced to close its in-county flex-route system in December of 2023. This essential system had run for over 30 years as a result of the economies of scale and reduction of duplication of effort that were possible under Chapter 427, while saving the participating agencies, and the taxpayer, substantial funding.

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In 2010, the year before Medicaid Reform passed in the Florida legislature, Ride Solution received \$527,964 in Medicaid funding and \$480,252 in Medwaiver, totalling \$1,410,150 in 2025 dollars, and we had lowered the cost of Putnam Medicaid transportation when we took it over from the private sector in 1995 from \$950,000 in 1994 to \$480,000. Our 1994 to 1995 Medicaid cost reduction was primarily a matter of honest billing coupled with the multiloading provided by the flex routes. By 2010, that 1995 \$480,000 should have inflated to \$667,325, per my transportation inflation calculator, but we had kept it to \$527,964 by completely reorganizing dialysis transportation in the county. In addition, as of 2019, our highest trip count year which produced 140,569 trips, the flex-route format had been providing a 91% value added boost in general-public trips which were essentially free to the state as they were public trips riding on board with paying human service clients. We were doing a good job at doing what a Community Transportation Coordinator is supposed to do...reducing duplication of effort and creating economies of scale.

Unfortunately, there are no reporting structures in place that document the above efficiencies derived from Chapter 427, with the result that when Medicaid Reform was being addressed by the Legislature in 2011, the state had no idea what the loss of 427 would mean from a fiscal perspective. More importantly, there is no management structure driven by the reporting of the efficiencies of Coordination through which state auditors and management staff can develop a sense of the true value of economies of scale and reduction of duplication of effort to the provision of these essential services. Rural transit, then, becomes undervalued, which, in Putnam, has resulted in the closure of an entire flex-route system and a reduction in service from 2,042 UDHC in 2023 to 670 in 2024.

The definition of eligible costs becomes part of the discussion of undervalued rural services when system safety is considered. Rural transit is subsidized at about a third the level of urban transit on a per capita basis and rural transit wages reflect that fundamental economic fact. System safety is driven first by employee retention and then by all the factors considered by Chapter 14-90. Turnover in low paying rural transit staff has a much higher impact on public safety than turnover in the equally low paying fast food industry. Thus, a reasonable eligible expense, in terms of employee retention, in a rural system may not be a reasonable eligible expense in an urban system where higher levels of compensation, and therefore retention, are built into the salary structure.

An extreme example of this mis-definition of "reasonable" eligible expense can be found in that fact that Ride Solution has had to give up its quarterly employee safety bonuses, that are distributed on quarters with no accidents, because FDOT does not consider them to be an eligible expense. There are, in addition, a number of other retention-related costs that have been disqualified by FDOT. We ask that the OIG please consider this safety issue that we have been unable to get considered within the FDOT billing process.

In relation to Ride Solution being able to reduce the billing cycle to 30 days, we believe that if we can submit the next bill to FDOT as soon as the District has submitted the previous bill to Tallahassee for payment, the billing cycle will be shortened by about a week, from our current turnaround of about 63 days (if everything runs just right). We have been told by FDOT staff that it was a state level requirement that billing could only be submitted after the check for the previous bill was issued.

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Currently, our PTGAs allow for 20 days of FDOT review per Ride Solution bill so to meet a 30 day cycle means that Ride Solution's billing activities have to be compressed into the first 10 days after the end of the month. This will only be possible if the cost reimbursement process can be allowed to proceed based on Ride Solution's receipt of vendor invoices rather than proof of cancelled checks paid by Ride Solution to their vendors. We have been told by FDOT staff that the use of cancelled checks is a state level requirement, but James Moore has stated that they have other human service clients that are being paid on a cost reimbursement basis by Florida state agencies that allow submission of the grantee's vendor invoices. Basing payment on vendor invoices could conceivably shorten the billing cycle to the contractually stipulated 30 days, which would greatly improve the fiscal health of Ride Solution.

Since the cost allocation method utilized by Ride Solution, and presumably every other D2 grantee, can only allocate down to the vehicle trip and, therefore, cannot allocate down to the passenger trip, which is the basis of payment used by Medicaid, Medwaiver, and the CTD, the value of the time spent in the monthly cost allocation processes, which includes the time chasing all the \$.01+ errors that result, is questionable, given that the FDOT grant applications are created with cost allocation processes that define the cost separation between 5310, 5311, Commuter Assistance, etc. If the intent of the monthly billing process is per grantee vendor invoice review of eligible costs, then that could be performed on a monthly batch basis, and the monthly cost allocation processing time might better be spent establishing an annual rate verification process that allocated down to the passenger trip, which would allow, for the first time, a view of actual agency coordinated costs outside of FDOT. Eliminating the monthly cost allocation would also shorten the monthly grantee invoicing turnaround.

We have not yet asked D2 staff to facilitate a meeting between Central Office, D2, and Ride Solution as the Legislature has, unexpectedly, not concluded it's budget process. Since we have recently come to understand that 5310 could, perhaps, have been used to offset or prevent Ride Solution's loss of Medwaiver funding, which was ultimately the revenue loss that closed the in-county flex routes, and since Ride Solution has an appropriation request before the Legislature to reopen the in-county routes, we wanted to wait until the FY26 budget was finalized before meeting with Central Office and D2 to discuss the billing cycle.

We have very much appreciated the OIG's serious consideration of Ride Solution's fiscal issues. It was evident from the draft report that the challenges of rural transit administration were realistically weighed. Thank you very much for your review.

Sincerely,



Boyd Thompson

**Office of Inspector General
Florida Department of Transportation**

**Attachment I
Draft Financial Reporting Procedure
Proposed Procedures Development Timeline**

Office of Inspector General Florida Department of Transportation



RIDE SOLUTION GENERAL MANAGEMENT PROCEDURE FINANCIAL REPORTING

SOP Number RS-GM-001

SOP Title Financial Reporting

	NAME	SIGNATURE	DATE
Author	M Beltran		
Authorized	B. Thompson		

Effective Date:	TBD
Review Date:	

1. PURPOSE

Establish procedures for preparing and disseminating accurate and timely financial reports to internal and external stakeholders. Ensure transparency and accountability in the agency's financial operations and provide stakeholders with the information they need to make informed decisions about the agency.

2. INTRODUCTION

Strong financial procedures are fundamental to a transit agency's responsible, efficient, and sustainable operation that relies primarily on public funding. They ensure that the agency can continue to provide valuable services to the community while maintaining the trust of its funders and the public.

3. SCOPE

This procedure applies to all financial reports the agency prepares, including those for internal management, the Board of Directors, funders, and regulatory agencies.

4. RESPONSIBILITIES

- **Finance Director/CFO:** Oversees the preparation of all financial reports, ensures their accuracy and compliance with relevant standards, and disseminates reports to appropriate parties.
- **Accounting Staff:** Prepare financial reports by established procedures and timelines.

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RIDE SOLUTION GENERAL MANAGEMENT PROCEDURE FINANCIAL REPORTING

- **Department Managers/Budget Holders:** Provide input and support documentation for financial reports, as needed.
- **Executive Director:** Reviews and approves financial reports before they are disseminated to external parties.
- **Board of Directors/Finance Committee:** Reviews and approves key financial reports, such as the annual financial statements, and provides oversight of the agency's financial reporting practices.
- **External Auditors:** Conduct independent audits of the agency's financial statements and provide an opinion on their fairness and accuracy.

5. PROCEDURE

1. Reporting Framework:

- The agency will prepare its financial reports according to Generally Accepted Accounting Principles (GAAP) for nonprofits or other relevant accounting standards.
- The agency will establish a chart of accounts that accurately reflects its financial transactions.
- The agency will maintain adequate internal controls to ensure the integrity of its financial data.

2. Types of Financial Reports:

The agency will prepare the following financial reports:

▪ Internal Management Reports:

- Budget-to-Actual Reports (monthly/quarterly): Compare budgeted revenues and expenses to actual results.
- Cash Flow Statements (monthly/quarterly): Report on cash movement into and out of the agency.
- Variance Analysis Reports (as needed): Explain significant deviations from the budget.
- Key Performance Indicator (KPI) Reports (monthly/quarterly): Track financial performance against established metrics.

▪ Reports to the Board of Directors/Finance Committee:

- Monthly/Quarterly Financial Statements: Summarize the agency's financial position and results of operations.
- Annual Financial Statements: Audited financial statements prepared at the end of the fiscal year.
- Budget Proposals and Revisions: Documents presented for Board approval.

▪ External Reports:

- Form 990: Annual information return filed with the Internal Revenue Service (IRS).

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RIDE SOLUTION GENERAL MANAGEMENT PROCEDURE FINANCIAL REPORTING

- Grant Reports: Reports to funders on the use of grant funds.
 - Reports to state and local government agencies, as required.
3. **Report Content:**
- All financial reports will be clear, concise, and easy to understand.
 - Reports will supplement the financial data with appropriate narrative explanations, charts, and graphs.
 - Reports will disclose all material information that is relevant to the users of the reports.
 - Specific report content will adhere to GAAP requirements and any funder or regulatory requirements.
4. **Reporting Frequency and Timeliness:**
- Establish a schedule for preparing and distributing each type of financial report.
 - Ensure that reports are prepared and disseminated in a timely manner to meet the needs of users.
 - Adhere to any deadlines imposed by funders or regulatory agencies.
5. **Report Distribution:**
- Identify the appropriate recipients for each type of financial report.
 - Establish procedures for distributing reports, including both electronic and hard copy distribution, as appropriate.
 - Ensure that confidential financial information is protected and distributed only to authorized individuals.
6. **Report Review and Approval:**
- Establish a process for reviewing and approving financial reports before they are disseminated.
 - Internal management reports will be reviewed by the Finance Director/CFO and the Executive Director.
 - Reports to the Board of Directors/Finance Committee will be reviewed by the Finance Committee and approved by the full Board.
 - External reports will be reviewed by the Finance Director/CFO and approved by the Executive Director before they are submitted.
7. **Annual Audit:**
- The agency will engage an independent external auditor to conduct an annual audit of its financial statements.
 - The audit will be conducted in accordance with Generally Accepted Auditing Standards (GAAS).

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RIDE SOLUTION GENERAL MANAGEMENT PROCEDURE FINANCIAL REPORTING

- The auditors will issue an opinion on the fairness and accuracy of the agency's financial statements.
- The audited financial statements and the auditor's report will be presented to the Board of Directors and made available to other stakeholders, as required.

8. Record Retention:

- The agency will establish and maintain a record retention policy that complies with all legal and regulatory requirements.
- Financial records and reports will be retained for the required period.

9. Training:

- Staff involved in the preparation of financial reports will receive appropriate training to ensure they have the knowledge and skills necessary to perform their duties.

6. INTERNAL AND EXTERNAL REFERENCES

6.1 Internal References

- Ride Solution SSPP

6.2 External References

- 2 C.F.R. 200.302(b)(7) Financial Management
- Rule Chapter 691-40
- Chapter 427, Florida Statutes - <http://www.leg.state.fl.us/Statutes/>
- Rule 41-2, Florida Administrative Code - <https://www.flrules.org/>

SOP no.	Effective Date	Significant Changes	Previous SOP no.
RS-CS-003-00		New updated format	N/A

APPLICABILITY

TBD

RS-GM-001 Rev 0

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RIDE SOLUTION
GENERAL MANAGEMENT PROCEDURE
FINANCIAL REPORTING

NAME	TITLE	SIGNATURE

RS-GM-001 Rev 0

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OIG Audit 241-006 Management Response

**Office of Inspector General
Florida Department of Transportation**

APPENDIX C – Management Response

On July 31, 2025, the OIG received the following response from Erin Schepers, Transit Grants and Finance Administrator:

Finding 1 – Written Policies and Procedures

Finding: We determined The Ride Solution is partially compliant with written accounting policies and financial management procedures in accordance with Federal Regulations, Florida Statutes, and Department policies and procedures. The Ride Solution does not have an adopted and formalized written accounting policy as required by 2 C.F.R. 200.302(b)(7), Financial Management. However, we found The Ride Solution's invoicing desk procedures and processes comply with Rule Chapter 69I-40, Bureau of Auditing, Florida Administrative Code (F.A.C), the Department of Financial Services Reference Guide for State Expenditures, and the Department Disbursement Handbook.

Recommendation: We recommend the Department's Public Transit Office Manager collaborate with The Ride Solution's management to ensure sufficient policies and procedures are formalized and adopted to comply with Federal Regulations.

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

Corrective Action: The Transit Office will work with Ride Solution to ensure they have the federally required policies and procedures in place.

Estimated Completion Date: April 30, 2026

Finding 2 – Financial Management Controls

Finding: We determined The Ride Solution's invoiced costs, expenses, and ridership data were in compliance with Federal Regulations and Florida Statutes but were not compliant with the Agreements. The Ride Solution's invoiced costs under Agreement G1L31 and G2197 were expended on allowable, reasonable, necessary, and allocable expenses, as outlined in Title 2, Part 200, Code of Federal Regulations. The Ride Solution's invoiced costs for Agreement G2197 invoiced costs are reasonable, based on actual expenses, and are properly documented in accordance with Florida statutes, Department guidelines, and the Agreements.

Recommendation: We recommend the Department's Public Transit Office Manager ensure that the District Two Intermodal Systems Development Modal Manager collaborate with The Ride Solution's management to ensure that future invoices meet the required timeframes for submittal and number of invoices, in accordance with Agreements and the Transit Financial Management and Oversight Manual.

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

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Corrective Action: District 2 began tracking and reviewing the initial agency invoice submittal date and final invoice correction date on July 7, 2023, to identify the factors contributing to invoice processing delays. This review highlighted the need for additional training and support for the agency specifically related to procurement guidelines and identifying eligible expenses. As a result, District 2 worked to provide more hands-on support. This assistance included training sessions, invoice packet walkthroughs, the creation of a project status matrix, as well as team meetings to clarify expectations and standards to ensure that all reimbursement invoice submissions met Department requirements.

Ride Solution continues to implement these corrective actions and has greatly reduced their invoice backlog. As of July 2025, we are actively processing invoices for May and June 2025 for contracts G3878, G2T27, and G3880.

We will continue to work collaboratively with Ride Solution to ensure that future invoice packets are accurate, complete, and submitted in a timely manner in accordance with Department guidelines. Ongoing support and monitoring will be maintained to ensure sustained compliance and improvement.

Estimated Completion Date: January 31, 2026

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DISTRIBUTION

Responsible Manager:

Melissa Smith, Chief of Modal Development
Gabrielle Matthews, Manager, Public Transit Office
Erin Schepers, Transit Grants and Finance Administrator

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Maricarmen Beltran, P.E., Director of Administration, The Ride Solution
Reginald Johnson, Accountant, The Ride Solution

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PROJECT TEAM

Engagement was conducted by:
Melinda Coleman, Auditor

Under the supervision of:
Ashley Clark, Senior Audit Supervisor
Barbara Brown-Walton, Deputy Audit Director for Intermodal
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.

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Florida Department of Transportation**

ATTACHMENT 1 – Criteria Summaries

The following criteria are summaries used for this engagement.

2 C.F.R. 200.302 Financial Management (2024): Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

2 C.F.R. 200.303 (a) – (d) Internal Controls (2024): Non-Federal entity is responsible for:

- (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).
- (b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

2 C.F.R. 200.305 Federal Payments (2024): Guidelines Non-Federal entity must follow to ensure timely payments. Payments may not be withheld without specific condition including project objective noncompliance or indebtedness to the Federal Government. Use of OMB approved form is required when requesting advance payment or reimbursements on allowable expenditures.

2 C.F.R. 200.404 Federal Reasonable Costs (2024): A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the nonfederal entity or the proper and efficient performance of the Federal award.

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2 C.F.R. 200.405 Allocable Costs (2024): The standard to determine if a cost is allocable by examining if the goods or services were chargeable according to the benefit received. Allocation between two projects: Direct Cost allocation principles apply if a cost benefits two or more projects and the proportions are easily determined. The cost must be allocated based on the proportional benefit. If the costs cannot be easily determined, then the allocation may be based on any reasonable documented basis.

2 C.F.R. 200.413 Direct Costs (2024): Direct cost can be identified by specific final cost object or whose costs can be directly assigned to an activity. Direct costs that identify with the award rather than the nature of goods or service involved is the determining factor to distinguish direct cost from indirect costs. This section provides guidance for the treatment of salaries, utilities, office space, etc.

Government Accountability Office's Standards for Internal Controls in the Federal Government (2014) (GAO Green Book) (2014):

- 12.02 Management documents in policies the internal control responsibilities of the organization.
- 12.04 Management communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities.
- 12.05 Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately.

Section 215.86, F.S. Management Systems and Controls (2023): Each state agency and the judicial branch as defined in s.216.011 shall establish and maintain management systems and controls that promote and encourage compliance, economic, and efficient operations, reliability of records and reports, and safeguarding of assets. Accounting systems and procedures shall be designed to fulfill the requirements of generally accepted accounting principles.

Section 215.97, F.S. Single Audit Act (2023): Establishes uniform state audit requirements for State financial assistance provided by State agencies to non-State entities to carry out State projects.

Rule Chapter 69I-40, Bureau of Auditing, Florida Administrative Code (F.A.C.) (2014): All invoices scheduled for the disbursement or transfer of funds must be submitted in accordance with Rule 69I-40, F.A.C., and scheduled using the standard voucher format prescribed by the Department of Financial Services.

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Agreement G1L31 PTGA Grant Fully Executed on 4.23.2020-Agreement: This Public Transportation Grant Agreement is between the State of Florida, Department of Transportation (“Department”), and RIDE SOLUTION (“Agency”) to provide for the Department’s participation in Operating Assistance to assist with public transportation in the rural area.

Contract Exhibits A- Project Description and Responsibilities, B- Schedule of Financial Assistance, D- Agency Resolution, E- Program Specific Terms and Conditions, E- Program Specific Terms and Conditions, F- Contract Payment Requirements, and H- Audit Requirements for Awards of Federal Financial Assistance.

Agreement G2197 PTGA Grant Fully Executed on 11.17.2021-Agreement: This Public Transportation Grant Agreement is between the State of Florida, the Department of Transportation (“Department”), and RIDE SOLUTION (“Agency”) to provide for the Department’s participation in Operating Assistance.

Contract Exhibits A- Project Description and Responsibilities, B- Schedule of Financial Assistance, D- Agency Resolution, E- Program Specific Terms and Conditions, F- Contract Payment Requirements, and H- Audit Requirements for Awards of Federal Financial Assistance.

Disbursement Handbook for Employees and Managers (2024): To provide guidance and information required for state disbursement, on the Department’s management of Standard Operating Procedures (SOP).

DFS Reference Guide for State Expenditures (2022): Provide state agencies guidance regarding the requirements applicable to the disbursement of funds from the State Treasury.

Transit Financial Management & Oversight Manual (2023): To provide supplemental guidance to FDOT staff responsible for the administration and oversight of the federal and state transit funding programs.

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