



DATE: December 8, 2017

TO: Kenney McDowell, Director of Engineering & Inspections

FROM: Internal Audit Division

SUBJECT: U-5322 Wendover Avenue and Clifton Road Review
(No Response Required)

The Internal Audit Division has completed a review of North Carolina Department of Transportation (NCDOT) Grant U-5322, Wendover Avenue – Clifton Road Intersection Improvements. The purpose of the agreement was to fund sidewalk construction on West Market Street. The grant was administered by NCDOT on behalf of the Federal Highway Administration (FHWA).

Total expenditures on the project were \$398,294.65. Expenditures occurred during fiscal years ended June 30, 2013 to June 30, 2016.

The objectives of our review were to:

- Obtain copies of the Municipal Agreement and construction contracts. Review the Municipal Agreement and contracts to identify allowable expenditures and guidelines.
- Test a sample of expenditures for the project to ensure that they are allowable according to the Municipal Agreement and construction contracts.
- Verify that bills to the State for allowable expenditures have been paid. Test a sample of invoices to verify amounts are correctly calculated and billed in accordance with the Municipal Agreement.

Agreements

The Municipal Agreement is between the North Carolina Department of Transportation (NCDOT) and the City of Greensboro. The purpose of the agreement was to fund the Wendover Avenue –Clifton Road Intersection Improvements. The funds were allocated by the Federal Highway Administration (FHWA) and administered by NCDOT.

The original agreement funded Right of Way acquisition only. The agreement stated the City would be reimbursed 80% of approved project costs up to a maximum of \$80,000.00. The City was required to provide a 20% match, estimated at \$20,000.00. The original project cost estimate was \$100,000.00. The contract was executed by NCDOT on July 11, 2011.

There was a Supplemental Agreement between the City and NCDOT that provided funding for Construction costs. The agreement defined the scope as purchasing right-of-way for designed intersection improvements that include removal of slip ramp, construction of a right turn lane and sidewalks within the limits of the intersection project located at the Wendover Avenue and Clifton Road intersection. This supplemental agreement provided additional funding of up to \$400,000.00 and

required a local match of \$100,000.00. The deadline for the project completion was noted as March 31, 2014. The agreement was executed by NCDOT on May 24, 2012.

The construction contract, dated September 10, 2013 was with Atlantic Contracting Company of Greensboro. The contract amount was \$272,678.00. The completion date was noted as 90 consecutive calendar days from the notice to proceed date. The notice to proceed date was October 14, 2013.

Sampled Expenditures

We reviewed expenditures of \$200,513.36, which represents 50.3% of total expenditures. We reviewed estimate number 2 from Atlantic Contracting Company, Inc. The payment was for \$200,513.36 and represented construction between November 1, 2013 and January 31, 2014. The payment had \$168,718.80 of expenditures charged to street construction and \$31,794.56 charged to sidewalk construction. We reviewed the supporting documentation and verified mathematical accuracy of supporting documentation on a test basis. The expenditures appear to be eligible expenses under the municipal agreement and contracts.

Reimbursements

The final total NCDOT reimbursement amount was \$318,107.45. Amounts were received from NCDOT as follows:

<u>Date</u>	<u>Amount</u>
June 27, 2013	\$ 44,109.60
June 16, 2014	55,289.85
June 16, 2014	160,494.85
June 17, 2014	32,367.70
June 5, 2015	12,663.20
April 18, 2016	<u>13,182.25</u>
Total	\$318,107.45

We reviewed cash receipt documentation for the first five items above. For the \$13,182.25 item, we reviewed the cash receipt entry in Lawson. Amounts appear received. For the three largest invoices, we recalculated amounts billed to NCDOT. We agreed amounts to supporting documentation and noted items billed to NCDOT appear proper. The billed amount reviewed of \$259,894.30 represents 81.7% of total grant revenue. Total grant revenue of \$318,107.45 represents 80% of total project expenditures, which agrees to the percentage in the grant document.

It appears amounts have been received and grant revenue appears proper.

We would like to thank the staff of the Engineering and Inspections Department for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at 373-2230.



Garland Wells
Internal Auditor



Len Lucas
Internal Audit Director

cc: David Parrish, Assistant City Manager
Chris Wilson, Assistant City Manager