



DATE: July 10, 2020
TO: Larry Davis, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: FY 2014 Section 5307 Capital and Operating Grant Review
(No Response Required)

The Internal Audit Division has completed our review of the FY 2014 Section 5307 Capital and Operating Grant administered by the Greensboro Transportation Department. Attached you will find our review report; the departmental response and our replies to their responses. We feel that our concerns have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas
Internal Audit Director

cc: Kimberly Sowell, Assistant City Manager
Johanna Cockburn, Director of Transportation
Bruce Adams, Public Transportation Manager
Cari Hopson, Grants Administrator



DATE: June 22, 2020
TO: Hanna Cockburn, Director of Transportation
FROM: Internal Audit Division
SUBJECT: FY 2014 Section 5307 Capital and Operating Grant Review
(Response Required by July 6, 2020)

The Internal Audit Division has conducted a review of the Section 5307 FY 2014 Capital and Operating Grant. Section 5307 provides federal funding to urbanized areas for transit capital and operating assistance and for transportation-related planning. The grant, listed as NC-90-X560-00 was to fund six projects with funding of \$4,919,262.00. The required local match was noted as \$2,349,474.00 and the total projected budget was \$7,268,736.00. The projects were categorized as (1) third party contracting, (2) transit security, (3) ADA paratransit operating assistance, (4) routine capital, (5) transit enhancements and (6) operating assistance. The grant was awarded by the FTA on February 20, 2015 and executed by the City of Greensboro on February 24, 2015. The expenditures on the grant occurred in the fiscal years ending June 30, 2014 through June 30, 2019.

The objectives of our review were to:

- Obtain and review the grant agreement with the FTA for guidelines and allowable expenditures.
- Review a sample of expenditures and verify that the expenditures have appropriate documentation and are within contractual guidelines. Obtain and review contracts with vendors, as necessary.
- Verify that the required reports are complete, accurate and submitted by the applicable deadlines.
- Verify amounts billed to the FTA were calculated correctly and have been received.

Grant Agreement

We obtained the Grant documentation from Cari Hopson, Grants Administrator with the Greensboro Department of Transportation, Public Transportation Division. The six projects funded by the grant are listed below.

The grant provided \$2,801,000.00 of funding to support up to 80% of 40% of the cost of third party contracting for the fiscal year ended June 30, 2014. The total projected budget was \$3,501,250.00 and the grant funded 80% of that cost. The required local match was estimated at \$700,250.00.

The grant awarded \$79,192.00 of funding for mobile surveillance camera systems for paratransit vehicles. The total budget for this was \$98,990.00 and the grant funded 80%. The required local match was estimated at \$19,798.00.

The grant also awarded \$475,000.00 of funding for operating assistance of ADA paratransit service. The period of performance was noted as July 1, 2013 through June 30, 2014. The budget for this item was \$593,750.00 and the grant funded 80%. The required local match was estimated at \$118,750.00.

The grant also provided \$49,192.00 of funding for replacing the existing shrubbery beds and mulch and landscape other common areas at the J. Douglas Galyon Depot. The budget for this was \$61,490.00 and the grant funded 80%. The required local match was estimated at \$12,298.00. The period of performance was noted as July 14, 2013 through June 30, 2014.

The grant also provided \$22,000.00 of funding to purchase replacement talking bus destination signs and the operator control units on 5 fixed route buses. The period of performance was noted as November 1, 2014 through September 30, 2015. The budget was \$27,500.00 and the grant funded 80%. The required local match was estimated at \$5,500.00.

The grant provided \$1,492,878.00 for operating assistance for the Greensboro Transit Authority. The period of performance was noted as July 1, 2013 through June 30, 2014.

To summarize, the final amounts after the budget revisions were:

<u>Item</u>	<u>Grant Amount</u>	<u>Local Match</u>	<u>Total</u>
Third Party Contracting	\$2,801,000.00	\$ 700,250.00	\$3,501,250.00
Mobile Cameras	79,192.00	19,798.00	98,990.00
ADA Operating Assistance	475,000.00	118,750.00	593,750.00
Landscaping	49,192.00	12,298.00	61,490.00
Bus Signs	22,000.00	5,500.00	27,500.00
<u>Operating Assistance</u>	<u>1,492,878.00</u>	<u>1,492,878.00</u>	<u>2,985,756.00</u>
Totals	\$4,919,262.00	\$2,349,474.00	\$7,268,736.00

Expenditures

Total expenditures charged to this grant were \$7,268,685.00. For this review, we are focusing on items in Lawson number 567450501. Those expenditures occurred in the fiscal years ended June 30, 2016 through June 30, 2019. Expenditures total \$126,438.43 for that period.

We reviewed items that represented \$110,872.29 or 87.69% of expenditures charged to the grant for fiscal years ended June 30, 2016 through June 30, 2019.

We reviewed two invoices from Apollo Video Technology. Invoice 513420, dated December 18, 2015, had \$45,964.29 charged to the grant, representing mobile camera equipment for the ADA paratransit fleet. Invoice 532320, dated December 17, 2018 had \$37,908.00 charged to the grant for mobile camera equipment for the ADA paratransit fleet.

We also reviewed invoice PJINV00014635 from Clever Devices that had \$27,000.00 charged to the grant. The invoice was for 5 DR700 Systems, which are the bus talking destination signs for the fixed route buses.

For the reviewed invoices, we verified items and rates to purchase orders and recalculated amounts on a test basis. We also attempted to verify that items appear to meet the grant guidelines. The reviewed invoices appear to have appropriate documentation and appear to be within contractual guidelines.

Reporting

We obtained copies of the Federal Financial Report and Milestone Progress Report for the periods of April 1 through June 30, 2019. These were the final reports for this grant. We reviewed the reports, verified mathematical accuracy on a test basis and agreed amounts to Lawson financial reports and grant documentation, as applicable.

The Federal Financial Report listed total expenditures of \$7,268,685.00 and a Federal Reimbursement amount of \$4,919,221.00.

Finding:

We were not able to agree the \$61,490.00 reported landscaping expenses to Lawson. The department was not able to provide supporting documentation for these expenditures.

Recommendation:

Reported amounts should be verified for accuracy.

It appears the Federal Financial Report and Quarterly Milestone Progress Report were submitted timely and amounts appear accurately reported, except as noted above.

Grant Reimbursements

The total amount of Federal Grant Revenue was \$4,919,221.00. Amounts received were as follows:

May 28, 2015	\$4,818,070.00
July 31, 2015	6,600.00
May 5, 2016	64,117.00
March 28, 2019	<u>30,434.00</u>
Total	\$4,919,221.00

For all the above amounts, we reviewed the Lawson cash receipt entries. We also agreed the total received to the final Federal Financial Report. Amounts appear properly calculated and received.

We would like to thank the staff of the Transportation Department for their assistance and cooperation during this review. Please provide a written response by July 6, 2020. If there are any questions concerning the details of this review, please call us at (336) 373-2230.



Garland Wells
Internal Auditor



Len Lucas
Internal Audit Director

- cc: Larry Davis, Assistant City Manager
- Kimberly Sowell, Assistant City Manager
- Bruce Adams, Public Transportation Manager
- Cari Hopson, Grants Administrator



MEMORANDUM

DATE: July 6, 2020
TO: Internal Audit Division
FROM: Johanna Cockburn, AICPA Director *JCC*
SUBJECT: **FY14 Section 5307 Capital and Operating Assistance Grant Review
Written Response to Audit Findings**

- Finding
We were not able to agree the \$61,490.00 reported landscaping expenses to Lawson. The department was not able to provide supporting documentation for these expenditures.
- Recommendation
Reported amounts should be verified for accuracy.

GTA Response:

According to FTA Circular 5010.1e, Chapter VI, Section 2(b):

Entities Other than a State: The financial management systems of each recipient or subrecipient other than a state must meet the following standards:

1 Financial Reporting. Accurate, current, and complete disclosure of the financial results of federally assisted activities must be made in accordance with financial reporting requirements.

2 Accounting Records. Recipients and subrecipients must maintain records that adequately identify the source and application of funds provided for federally assisted activities. These records must contain information pertaining to the Award or subawards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

3 Internal Control. Effective control and accountability must be maintained for all cash provided to support the Award or subaward, real and personal property, and other assets; recipients and subrecipients must adequately safeguard all such property and must ensure that it is used solely for authorized purposes.

4 Budget Control. Actual expenditures or outlays must be compared with budgeted amounts for each Award or subaward. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate

or specifically required in the Grant or Cooperative Agreement or written agreement with the subrecipient. If the unit cost data are required, estimates based on available documentation will be accepted whenever possible.

5 Allowable Cost. Applicable Office of Management and Budget (OMB) cost principles of 2 CFR part 200 for Awards made on or after December 26, 2014, and OMB cost principles for Awards made before December 26, 2014, as stated in former 2 CFR parts 220, 225, and 230, as applicable. U.S. DOT program regulations, and the terms of the Grant or Cooperative Agreement or other written agreement with the subrecipient, must be followed in allowability and allocability of costs.

6 Source Documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contracts, and subrecipient documents.

Turf Services accounted for the Transit Enhancements and Improvements requirement in this FY 2014 grant. These expenses were charged to the Division's operating account rather than the grant account, which resulted in improper accounting. These expenses should have been directly applied to the grant account. This error occurred during a staffing transition.

Since that time, the Public Transportation Division has developed and implemented written Grant Management Policies and Procedures in conjunction with the City's Finance Department. The Grants Administrator (Public Transportation) and Senior Financial Analyst (Finance) regularly monitor grant accounts to ensure allowable and applicable expenses have been properly applied.

In accordance with FTA reporting requirements, the Senior Financial Analyst prepares quarterly Federal Financial Reports (FFRs) for grants exceeding \$2,000,000; grants under this amount are reported annually. Reports are reviewed by the Grants Administrator and entered into the FTA Transit Award and Management System (TrAMS). Regardless of the required reporting interval, reports are generated for all open grants quarterly to ensure adequate review of grant expenditures and disbursements throughout the year. These procedures are contained in Section 1.5.1 of the attached Grants Management Policies and Procedures.

If you have questions or need additional information, please do not hesitate to contact me or Bruce Adams, Public Transportation Division Manager at 336-373-6237.

cc: Kimberly Sowell, Assistant City Manager
Bruce Adams, Public Transportation Manager
Sherria High, Assistant Public Transportation Manager

Attachment Grants Management Policies and Procedures

/jc
/ba



DATE: July 7, 2020
TO: Johanna Cockburn, Director of Transportation
FROM: Internal Audit Division
SUBJECT: FY14 Section 5307 Grant Review Response

The Internal Audit Division has received your response to the FY14 Section 5307 Grant Review Report. We find the response sufficient and no further action is required.

We would like to thank the Transportation Department staff for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at (336) 373-2230.

Garland Wells
Internal Auditor

Len Lucas
Internal Audit Director

cc: Larry Davis, Assistant City Manager
Kimberly Sowell, Assistant City Manager
Bruce Adams, Public Transportation Manager
Cari Hopson, Grants Administrator