



OFFICE OF INSPECTOR GENERAL

FLORIDA DEPARTMENT OF TRANSPORTATION

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Robert E. Clift
Inspector General

Section 5310 Vehicle Grant Awards between the
District Four Transit Office and Jerome Golden
Center for Behavioral Health
Attestation Report No. 12I-4001

May 20, 2013

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an examination of Section 5310 vehicle grant awards between the Florida Department of Transportation (department) District Four Transit Office (D4 Transit Office) and Jerome Golden Center for Behavioral Health (JGCBH). The purpose of the award was to provide vehicles for transportation of the elderly and individuals with disabilities. The purpose of the examination was to determine if JGCBH operated and maintained vehicles in accordance with terms of the grant award and applicable laws, rules and regulations. The examination also included determining whether the D4 Transit Office conducted adequate oversight and monitoring to ensure compliance. We conducted this examination as a part of the OIG's annual work plan.

Our examination concluded that JGCBH complied, in all material respects, with the grant award terms and applicable regulations for the period July 1, 2008 through June 30, 2011, except JGCBH did not report accidents to the D4 Transit Office as required by Exhibit H of the department's Section 5310 Capital Assistance Application.

Based upon examination of project files maintained by the D4 Transit Office, we determined the following issues of noncompliance:

- project managers did not comply with all aspects of required federal regulation by maintaining documentation to support the eligibility of JGCBH; and
- project managers did not conduct adequate monitoring to ensure compliance with department procedure and federal regulation by reviewing and approving JGCBH's preventative maintenance plan and completing annual vehicle inspections.

We recommend the D4 Transit Office:

- project managers ensure JGCBH notifies the department within 24 hours of any accident or casualty involving project vehicles and submit related reports by conducting grantee training and vehicle inspections;
- project managers adhere to Federal Transit Administration (FTA) Circular 9070.1F and department procedures developed by the Public Transit Office and ensure JGCBH met the requirements of a Category A project in Fiscal Year (FY) 2010 and maintain the documentation; and
- Modal Development Administrator implement a monitoring schedule in accordance with FTA regulation and department procedures and project managers review JGCBH's Preventative Maintenance Plan.

D4 Transit Office management concurred with the findings and initiated corrective action. The Program Manager's Manual has been updated and future annual monitoring is schedule to comply with department procedure and federal regulation.

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RESULTS OF EXAMINATION

The department receives grant funding from the FTA through Title 49 United States Code (U.S.C.), Section 5310, to offer operational and capital assistance to public transportation providers. These funds are intended to improve mobility for the elderly and individuals with disabilities.

Between July 1, 2008 and June 30, 2011, D4 Transit Office awarded seven Section 5310 vehicles to JGCBH, bringing the agency's total Section 5310 vehicle inventory to 24. Vehicle records maintained by JGCBH included daily inspection reports, trip logs, accident reports and repair and maintenance invoices. We reviewed a sample of 12 vehicle records, representing 50 percent of total inventory, for sufficiency for the period under examination. Mileage listed on maintenance records was compared to historical trip logs, and current odometer readings were compared to current trip logs. The physical condition of all Section 5310 vehicles was inspected.

Based upon review of JGCBH's vehicle records and interviews of D4 Transit Office project manager, we determined JGCBH had one compliance issue, detailed in Finding 1.

During this examination, we also reviewed project files maintained by D4 Transit Office and noted two compliance issues, detailed in findings 2 and 3.

Finding 1 – Compliance with Department Procedure

Objective	Determine if JGCBH operated and maintained awarded vehicles in accordance with department procedure.
Conclusion	JGCBH did not comply with department procedure regarding the operation and maintenance of awarded vehicles.
Condition (Supporting Evidence)	During the period tested, JGCBH did not report any accidents and we identified three accidents, which should have been reported to the D4 Transit Office. JGCBH transportation manager maintained vehicle records containing accident reports, but did not provide these records to D4 Transit Office. D4 Transit Office also indicated they do not have records of accidents from JGCBH.
Criteria	In Exhibit H of the Section 5310 Capital Assistance Application, JGCBH certifies and assures they will notify the department within 24 hours of any accident or casualty involving project vehicles and submit related reports. By signing the notice of grant award, JGCBH reaffirms this assurance and certification.
Cause	The JGCBH transportation manager was new to the position and was not aware of the requirement.
Effect (Impact)	JGCBH's noncompliance with the terms of the grant award puts the department at risk of losing future FTA funding.
Recommendation	We recommend project managers ensure JGCBH notifies the department within 24 hours of any accident or casualty involving project vehicles and submit related reports by conducting grantee training and vehicle inspections. We recommend D4 Transit Office Project Manager hold JGCBH responsible for reporting accidents.

Finding 2 – Compliance with Federal Regulation

Objective	Determine if the D4 Transit Office complied with all requirements of federal regulation.
Conclusion	The D4 Transit Office did not comply with all aspects of oversight required by federal regulation.

**Condition
(Supporting
Evidence)**

The D4 Transit Office did not provide adequate oversight to ensure compliance with FTA Circular 9070.1F, Elderly Individuals and Individuals with Disabilities Program Guidance and Application Instructions and department Procedure No. 725-030-010, Section 5310 Program.

Prior to receiving Section 5310 grant funding, a grantee must meet the requirements of a Category A project as defined by the FTA Circular. In FY 2010, the final D4 Transit Office Program of Projects submitted to the Central Office lists Oakwood¹ Center as a Category B project. D4 was unable to locate documentation supporting advancement of the project to Category A to support eligibility of JGCBH to receive Section 5310 grant funding in FY 2010.

Criteria

Per FTA Circular 9070.1F, VI.5, the State must ensure that the recipient meets Federal requirements, and advance the projects to Category A before it may draw down funds to support those projects.

Per FTA Circular 9070.1F, VI.11, financial records, supporting documentation and all other records pertinent to a grant must be retained for a period of three years from the date the State electronically submits the final Financial Status Report.

Cause

The project manager was not formally trained to manage the Section 5310 program, therefore was unaware of the requirement to maintain documentation supporting the advancement of JGCBH to Category A.

Effect (Impact)

The D4 Transit Office's noncompliance with provisions of the FTA Circular and department procedures puts the department at risk for not receiving future federal funding since the D4 Transit Office does not have documentation supporting the eligibility of this grantee.

Recommendation

We recommend D4 Transit Office project managers adhere to FTA Circular 9070.1F and department procedures developed by the Public Transit Office. We recommend the project manager ensure JGCBH met the requirements of a

¹ Jerome Golden Center for Behavioral Health is formerly known as Oakwood Center of the Palm Beaches, Inc. (Oakwood)

Category A project in FY 2010 and maintain the documentation.

Finding 3 – Monitoring

Objective

Determine if the D4 Transit Office provided adequate monitoring to ensure compliance with department procedure and federal regulations.

Conclusion

The D4 Transit Office did not conduct adequate monitoring to ensure compliance with department procedure and federal regulation.

**Condition
(Supporting Evidence)**

The D4 Transit Office did not conduct annual vehicle inspections as required by regulation. There is no documentation of a completed site inspection in FY 2010 or 2011. Also, the D4 project manager has not viewed or approved JGCBH's preventative maintenance plan.

Criteria

Per department Procedure No. 725-030-010, Section 5310 Program:

- all agencies accepting 5310 vehicle awards will have a preventative maintenance plan on file that has been approved by the District; and
- the District Office, or their contractor, shall visit each recipient who is currently operating more than 20 vehicles received through the department at least once a year.

Title 2, Subpart 215(f)(3), Code of Federal Regulations (C.F.R.), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, requires a physical inventory of equipment be taken and the results reconciled with the equipment records at least once every two years.

Cause

Site inspections were not completed as required due to staff turnover and inadequate staffing in the D4 Transit Office.

Effect (Impact)

The department does not have assurance that Section 5310 grant awarded vehicles are being used for the purposes authorized by 49 U.S.C. 5310 and FTA Circular 9070.1F.

Recommendation

Modal Development Administrator implement a monitoring schedule in accordance with FTA regulation and department procedures and project managers review JGCBH's Preventative Maintenance Plan

Corrective Action Taken

Prior to audit testing, D4 Transit Office initiated a task work order with a consultant to complete a required annual vehicle inspection at JGCBH. This inspection was completed on April 24, 2012. D4 Transit Office intends to complete a task work order annually in order remain in compliance with department Procedure No. 725-030-010.

APPENDIX A – Independent Accountant’s Report

We have examined JGCBH records for the period July 1, 2008 through June 30, 2011 to determine compliance with Section 5310 grant terms and specified requirements.

JGCBH management is responsible for compliance with these requirements. Our responsibility is to express an opinion on JGCBH’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to Attestation Engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Accordingly, this engagement included examining, on a test basis, evidence supporting JGCBH activities and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on JGCBH’s compliance with the specified requirements. In our opinion, JGCBH complied, in all material respects, with the grant award terms and applicable regulation, except as noted in the findings.

APPENDIX B – Purpose, Scope and Methodology

Section 20.055, Florida Statutes, requires the OIG to conduct audits, examinations, investigations and management reviews related to programs and operations of the department. This examination was performed as a part of the OIG's mission to promote integrity, accountability and process improvement in the Department of Transportation by providing objective fact-based assessments to the department team.

The **purpose** of the examination was to determine if JGCBH and District 4 Transit Office complied with terms of the grant award and applicable laws, rules and regulations. The examination also included determining whether the D4 Transit Office conducted adequate oversight and monitoring to ensure compliance.

The **scope** of our examination consisted of reviewing project files and vehicle records supportive of the activities conducted by JGBCH from July 1, 2008 through June 30, 2011.

Our **methodology** consisted of:

- reviewing completed JGCBH Section 5310 Capital Assistance Application
- reviewing Section 5310 Capital Assistance Application Manual;
- reviewing 49 U.S.C. 5310;
- reviewing department Procedure No. 725-030-010, Section 5310 Program;
- reviewing department Procedure No. 725-030-025, Transit Vehicle Inventory Management;
- reviewing FTA Circular 9070.1F, Elderly Individuals and Individuals with Disabilities Program Guidance and Application Instructions;
- reviewing 2 C.F.R. Part 215 (OMB Circular A-110);
- reviewing project files maintained by the D4 Transit Office;
- reviewing vehicle records maintained by JGCBH;
- examining and testing supporting documentation to determine if JGCBH activities were allowable and in accordance with the terms of the grant and applicable regulation; and
- interviewing appropriate staff.

APPENDIX C – JGCBH Response

On April 19, 2013, John Furgal, Transportation Coordinator, provided the following comment by email regarding our report:

I acknowledge the fact that JGCBH had not been submitting an accident report to the D4 transit office, this may have been an oversight on my behalf since I followed the procedures that were in place previous to my hire. I have noted the error and have adjusted our policies and procedures to include reporting accidents to the D4 transit office. However I have kept all records to all incidents for the past 5 years. Since the inspection held in 2012 there have been no incidents to report.

APPENDIX D – District Response



Florida Department of Transportation

RICK SCOTT
GOVERNOR

3400 West Commercial Boulevard
Fort Lauderdale, FL 33309

ANANTH PRASAD, P.E.
SECRETARY

May 1, 2013

Joe Gilboy, Audit Manager
Office of Inspector General
Florida Department of Transportation
605 Suwannee Street
Tallahassee, FL 32399-0450

Subject: Section 5310 Vehicle Grant Awards between the District Four Transit Office and Jerome Golden Center for Behavioral Health Attestation Report No. 12I-4001

Dear Mr. Gilboy,

Below are our responses to the above referenced report finding.

Finding 1 – Compliance with Federal Regulation: The D4 Transit Office did not comply with all aspects of oversight required by federal regulation.

Recommendation: We recommend D4 Transit Office project managers adhere to Federal Transit Administration (FTA) Circular 9070.1F and department procedures developed by the Public Transit Office. We recommend the project managers ensure Jerome Golden Center for Behavioral Health (JGCBH) met the requirement of a Category A project in FY 2010 and maintain the documentation.

Response (to finding): We concur with the finding for the JGCBH project.

Corrective Action (to address finding): The Project Manager's Manual for this position has been updated to include information on this requirement as of April 30, 2013. An instructive notation has been added to the bottom of the current 5310 Program of Projects (POP) and will be added to all future POPs indicating that all projects moved from Category "B" to "A" must include documentation in that agency's project file of Federal Program compliance resulting in the Category "A" designation. This notation was added April 30, 2013.

Finding 2 – Monitoring: The D4 Transit Office did not conduct adequate monitoring to ensure compliance with department procedure and federal regulation.

Recommendation: We recommend Modal Development Administrator implement a monitoring schedule in accordance with FTA regulation and department procedures and project managers review JGCBH's Preventative Maintenance Plan.

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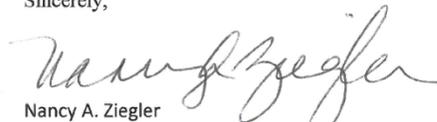
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Response (to finding): We concur with the finding.

Corrective Action (to address finding): A site visit and annual vehicle inspection, including a review of the agency's insurance and preventive maintenance records, was completed in April 2012. Future annual monitoring is scheduled to comply with department procedure and federal regulations.

Please contact Jayne Pietrowski, Transportation Projects Specialist, at 954-777-4661 or by email at Jayne.pietrowski@dot.state.fl.us.

Sincerely,



Nancy A. Ziegler
District Modal Development Administrator
District Four

NZ/jp

cc: James Wolfe, District Four Secretary
Gerry O'Reilly, Director of Transportation Development

DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE

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Project Team:

Engagement conducted by Cameisha Smith, Audit Team Leader
Angela Crosby, Auditor
Under the supervision of:
Joe Gilboy, Audit Manager
Kristofer Sullivan, Director of Audit
Approved by: Robert E. Clift, Inspector General

Statement of Accordance

The mission of the department 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 mission of the Office of Inspector General is to promote integrity, accountability and process improvement in the Department of Transportation by providing objective fact-based assessments to the DOT team.

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General and the American Institute of Certified Public Accountants and standards contained in Government Auditing Standards issued by the Comptroller General of the United States.

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