



**Internal Audit Committee  
of  
Brevard County, Florida**

**Internal Audit Review of**

**Transit Services Department Grants**

**Prepared By:  
Internal Auditors of Brevard County  
July 19, 2002**

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July 19, 2002

The Audit Committee of  
Brevard County, Florida  
Viera, Florida 32940-6699

Pursuant to the provisions of Section 125.01(1)(s), Florida Statutes, and the approved 2001/2002 internal audit plan, we hereby submit our internal audit report covering the Transit Services Department Grants. We will be presenting this report to the Audit committee at the next scheduled meeting on September 23, 2002.

Our report is organized in the following sections:

<b>Background</b>	This provides an overview of the Transit Services Department Grants.
<b>Objectives and Approach</b>	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
<b>Issues and Recommended Action</b>	This section gives a description of the issues as well as the impact and recommended action.

We would like to thank the Transit Services Department and all those involved in assisting the Internal Auditors regarding this report on the Grants.

Respectfully Submitted,

*INTERNAL AUDITORS*

# **Background**

# Background

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## What is the SCAT?

The Transit Services Department is also known as Space Coast Area Transit (SCAT). Services provided through SCAT include:

- Fixed route service – operates throughout the County to provide public transportation on weekdays, with weekend service available in some areas
- Paratransit service – curb-to-curb service for disadvantaged and disabled citizens who are unable to utilize fixed routes
- Contracted routes – serves several not-for-profit agencies with contracted, demand responsive service
- Volunteers in Motion – volunteer drivers and escorts provide personalized service to frail and elderly residents of the County
- Link Line – a countywide service, meeting the transportation needs of Work and Gain Economic Self-Sufficiency (WAGES) customers
- Vanpool leasing - commuters that live in the same area and work in the same location can form vanpools of 7-15 people and lease a van provided through this program; qualified human service agencies can also lease vans for their transportation needs
- Commuter assistance - assists commuters in finding alternative ways to commute other than single occupant vehicles, including carpool/vanpool matching services, employer parking incentive programs, park and ride development, and telecommuting options
- Transit advertising - illustrated buses which create the effect of a rolling billboard, transit vinyl panels, and interior signage

## Grant Programs

SCAT receives both federal and state funding. The largest of its programs is the Federal Transit Formula Grant (Section 5307), which provides funds for urbanized areas. Grants under this program are for capital projects to finance the planning, acquisition, construction, lease, improvement, and maintenance of equipment and facilities for use in transit. For urbanized areas with populations under 200,000, grant funds may be used to finance transit operating costs. SCAT operates two urbanized areas, one over 200,000 (Melbourne - Palm Bay, which encompasses all of south and central Brevard County) and one under 200,000 (Titusville); therefore, it receives both capital and operating assistance under this grant. SCAT requests program funds for:

- the purchase of rolling stock (buses, trolleys, vans) and support equipment and facilities (ADP hardware, software, office equipment, radios),
- rehab/renovation of facilities and acquisition of passenger shelters,
- costs of bus and van preventive maintenance subcontracts,
- a portion of the salaries and benefits of program support and administration personnel, and
- operating assistance for the Titusville urban area transit program.

Currently, SCAT has six open years of funding under the capital portion of this program and the current year for operating assistance. This is a cost reimbursable program. SCAT receives state toll credits which it applies to the 20 percent match required for the capital portion of this project; this allows for the project to be funded 100 percent with federal funds. The operating assistance portion requires a 50 percent match.

# Background

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## Grant Programs (continued)

Through a joint participation agreement with the State of Florida Department of Transportation, SCAT also receives funding under the Formula Grants for Other Than Urbanized Areas (Section 5311) program. Federal guidelines state that:

- funding may be used for eligible capital expenses, project administration, and operating expenses needed to provide efficient and coordinated public transportation service in non-urbanized areas and
- projects must provide for the maximum feasible coordination of public transportation sources assisted under this section with transportation services assisted by other federal sources.

SCAT is reimbursed on a cost per vehicle revenue hour basis.

The largest state project is the State Public Transit Block Grant. This funding is provided to SCAT under a joint participation agreement (JPA) with the Florida Department of Transportation (FDOT) for transit administration and operating assistance for fixed route service in the urbanized areas of Brevard County. The state's participation in eligible public transit operating costs may not exceed 50 percent of such costs or an amount equal to the total revenue, excluding fare box, charter, and advertising revenue and federal funds, received by the provider for operating costs, whichever amount is less. SCAT requests reimbursement for operating costs not covered by other revenue sources.

SCAT has two additional joint participation agreements with the Florida Department of Transportation. The first is funded with a Commuter Assistance Grant, the objective of which is to provide financial and technical support to promote alternatives to the use of automobiles by a single commuter. SCAT's agreement with FDOT provides funding for a Commuter Assistance Program (CAP) in four goal areas as follows:

- increase the level of employer/employee participation,
- increase preferential parking facilities,
- develop a Guaranteed Ride Home Program, and
- monitor participation barriers/develop participation incentives.

Costs eligible for reimbursement include salaries and fringe benefits, advertising, travel, telephone, and supplies. A 50 percent local match is required. The other JPA is funded with a State Service Development Grant for the implementation of a new trolley system to run on A1A north and south along the beach from Port Canaveral to south Cocoa Beach. SCAT is reimbursed on a cost per vehicle revenue hour, net of fare box revenue and federal participation. A 50 percent local match is required.

SCAT has two agreements with the Florida Commission for the Transportation Disadvantaged (CTD). The largest is the Trip and Equipment Grant Program. The objective of this program is to provide opportunities for transportation disadvantaged citizens to obtain access to transportation for daily living needs when that need is not sponsored by any other available funding source. Although the program allows for equipment expenditures, SCAT does not request funds for that purpose. SCAT is reimbursed on a per trip basis in accordance with a Memorandum of Agreement with the Commission for the Transportation Disadvantaged. A 10 percent local match is required. The second program is the CTD Planning Grant. This agreement provides funds for accomplishing the duties and responsibilities of Metropolitan Planning Organizations and Designated Official Planning Agencies as identified in Chapter 427, Florida Statutes, and in Commission Rule 41-2, Florida Administrative Code. SCAT requests reimbursement for salaries, fringe benefits, and supply costs associated with this project. A local match is not required.

SCAT also received Federal Emergency Management Agency funds for costs associated with Hurricane Floyd during FY2001 and federal funds through a contract with the Department of Children and Families for Transportation to Developmentally Disabled Services which was discontinued as of June 30, 2002. Since these were not ongoing projects and the funds involved were relatively immaterial, these grants were not tested as part of this internal audit.

# Background

## Grantee/Grantor Responsibilities

Grantees are responsible for managing their programs/projects in accordance with federal and state requirements, as delineated in federal regulations, state statutes, program guidelines, and grant/award agreements. For federal programs, grantees are required to comply with 49 CFR Part 49 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” and OMB Circular A-87, Revised “Cost Principles for State and Local Governments.” Under federally funded grant programs, recipients may incur both direct and indirect costs. A cost allocation plan is required to support the distribution of indirect administrative costs related to the grant program, and it must be approved by the Federal Transit Administration (FTA) or by the cognizant federal agency. Any and all such charges need to be addressed in the cost allocation plan. The FTA and FDOT are responsible for ensuring that grantees follow federal and state mandates along with statutory and administrative requirements.

Noncompliance can result in reimbursement of monies to the grantor, termination of grants, postponement of grant awards, and, in certain cases, fines for violating federal statutes.

## Staffing

Key personnel involved in the Transit Services Department Grants are as follows:

<b>Name</b>	<b>Title</b>
James Liesenfelt	Transit Services Director
Bob Roberson	Manager of Planning & Finance
William F. Quinn	Accountant
Jim Vaughn	Admin. Officer III
Judy Lewellen	Management Specialist I

## Schedule of Funding

Following is a schedule of federal and state grant expenditures, not including matching funds, for the fiscal year ended September 30, 2001 and for the six-month period from October 1, 2001 through March 31, 2002:

<b>Grant Program/Project</b>	<b>Grant Number</b>	<b>Fiscal year ended September 30, 2001 *</b>	<b>October 1, 2001 – March 31, 2002 *</b>
<b>Federal:</b>			
Section 5307	FL90X193	\$ 24,012	\$ 7,702
(by program year)	FL90X306	30,316	-
	FL90X335	206,635	14,440
	FL90X358	1,479,974	47,675
	FL90X392	675,324	637,855
	FL90X407	1,343,634	301,245
	FL90X433	-	851,803
Section 5311		18,024	1,504
<b>State:</b>			
Block Grant		852,600	558,258
Commuter Assistance		147,198	22,238
Trolleys		-	79,511
CTD Trip & Equipment		768,367	15,000
CTD Planning		26,011	450,870
<b>Total</b>		<b>\$ 5,572,095</b>	<b>\$ 2,988,101</b>

\* Does not include FEMA or Department of Children and Families funding.

## **Objectives and Approach**

# Objectives and Approach

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## Objectives

The internal audit objectives covered in the Transit Services Department Grants audit are comprehensive in scope in order to provide assurance over grant compliance.

<input type="checkbox"/> Identify procedures to ensure that only eligible activities are undertaken and determine whether federal and state awards were expended only for allowable activities.
<input type="checkbox"/> Determine whether only allowable costs were charged to federal and state awards and whether the Department complied with the provisions of OMB Circular A-87 cost principles, as applicable.
<input type="checkbox"/> Determine whether proper equipment records are maintained and that disposals of any equipment acquired under federal awards is in accordance with federal requirements.
<input type="checkbox"/> Determine whether procurements made with federal funds were made in compliance with the provisions of the A-102 Common Rule and whether all procurements were in compliance with requirements specific to the awards.
<input type="checkbox"/> Determine whether required reports include all activity of the reporting period, are supported by applicable accounting records, and are fairly presented in accordance with program requirements.

## Approach

Our audit approach consisted of four phases:

### Understanding and Documentation of Process

During phase one, we held an entrance conference with the Transit Services Department Director and Manager of Planning & Finance to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. We then conducted interviews with responsible departmental personnel and documented their role in the process.

# **Objectives and Approach**

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## **Population and Sample Determination**

We judgmentally selected a sample of Section 5307 federal program capital expenditures for the period from April 1, 2001 through March 31, 2002. The sample was selected in a manner that would encompass all of the program's activities. We judgmentally selected a separate sample of operating expenditures for the 18-month period from October 1, 2000 through March 31, 2002. In addition, we selected a judgmental sample of state reimbursement requests.

## **Detailed Testing**

The purpose of this phase was development of applicable tests based on our understanding of compliance requirements of the various programs and projects. Our procedures included obtaining an understanding of the procedures in place, assessing their effectiveness in ensuring compliance with applicable requirements, and testing compliance.

Our procedures included, but were not limited to, testing:

- |   |  |
|---|--|
| <input type="checkbox"/> activities allowed or unallowed        | <input type="checkbox"/> procurement                             |
| <input type="checkbox"/> allowable costs/cost principles        | <input type="checkbox"/> suspension and debarment                |
| <input type="checkbox"/> indirect and allocated costs           | <input type="checkbox"/> Buy America requirements                |
| <input type="checkbox"/> matching                               | <input type="checkbox"/> Disadvantaged Business Enterprises plan |
| <input type="checkbox"/> equipment and real property management | <input type="checkbox"/> grant specific requirements             |
| <input type="checkbox"/> period of availability of funds        |  |

## **Reporting**

During this phase, we summarized our findings related to grant compliance, based on our detailed testing, into a report format. Many of the issues that we have noted relate to costs and procedures that are not under the control of the Transit Services Department but impact the Department's grant compliance and reporting.

## **Issues and Recommended Actions**

<b>Issue # 1</b>	<b>Central Services Cost Allocation Plan</b>
	<p>A central services cost allocation plan provides a process whereby central service costs, such as motor pools, computer centers, purchasing, and accounting, can be identified and assigned to benefited activities. All local governments claiming central service costs must develop a plan in accordance with the requirements described in OMB Circular A-87. The plan should be prepared within six months prior to the beginning of each of the governmental unit's fiscal years in which it proposes to claim central service costs.</p> <p>As of fiscal year ended September 30, 2001, the County's most recent central service cost allocation plan (CAP) was for FY2000. This CAP was not used to charge central service costs to SCAT for FY2001. We noted instead that SCAT was charged an indirect rate that was computed by the Budget Office as a means of allocating certain County administrative costs. Included in this allocation were the costs of general government, which are unallowable under OMB Circular A-87.</p> <p>If the FY2000 CAP had been used for FY2001, the amount charged to SCAT should have been \$524 according to the CAP. Instead, the Department was charged \$62,034.</p> <p>Per discussion with the Budget Office, the County has hired a firm to prepare the annual CAP. A plan has been prepared for FY2003, but as of the date of our internal audit, the plan is in draft form but has not been completed for FY2002.</p> <p><b>Impact</b></p> <p>Since SCAT requests reimbursement for operating costs under both of its federal programs, all costs included in those reimbursement calculations are required to be in accordance with the cost principles of OMB Circular A-87.</p> <p>The costs of central services not included in an annual cost allocation plan are not permitted to be reimbursed and therefore, the County may not be able to recover the costs of providing these services.</p> <p><b>Recommended Action</b></p> <p>We recommend that the County continue its efforts to prepare a CAP for FY2002 and for each year thereafter in a timely manner as prescribed in OMB Circular A-87 and that SCAT only be charged with the costs of central services calculated under such a plan.</p>
	<b>Management Response and Action Plan</b>
<b>Response</b>	SCAT has scheduled staff to attend training regarding OMB Circular A-87. In addition, SCAT will support the County's efforts in developing a new Cost Allocation Plan. Staff will also ensure that an acceptable CAP is in place before central service costs are charged against a Federal Transit Grant.
<b>Time Frame</b>	Staff training will be completed by December 31, 2002.
<b>Person Responsible</b>	Jim Liesenfelt, Transit Director Dennis Rogero, Budget Office Director

<b>Issue # 2</b>	<b><i>Finance Department Charges</i></b>
	<p>We noted Finance Department costs were not charged to SCAT as part of the Cost Allocation Plan developed for FY2000 nor were they included in the amount calculated as indirect costs by the Budget Office noted in Issue #1. Instead, SCAT was directly allocated \$60,773 in FY2001 for Finance Department costs.</p> <p>Centralized finance/accounting functions are considered to be central services that should be included in the CAP in order to be allowable costs of a federal program. In addition, the County included these finance/accounting related costs in the calculated indirect costs for other County departments. The cost principles require that similar costs be treated consistently among the various federal awards and between federal and non federal awards/activities.</p> <p><b><i>Impact</i></b></p> <p>Since SCAT requests reimbursement for operating costs under both of its federal programs, all costs included in those reimbursement calculations are required to be in accordance with the cost principles of OMB Circular A-87.</p> <p>The costs of centralized Finance Department services not included in an annual cost allocation plan are not permitted to be reimbursed and therefore, the County cannot request reimbursement for the costs of providing these services.</p> <p><b><i>Recommended Action</i></b></p> <p>We recommend Finance Department charges be included in the amount of central services costs allocated to SCAT as calculated in the annual CAP.</p>
<b><i>Management Response and Action Plan</i></b>	
<b>Response</b>	SCAT has scheduled staff to attend training regarding OMB Circular A-87. In addition, SCAT will support the County's efforts in developing a new Cost Allocation Plan. Staff will also ensure that an acceptable CAP is in place before central service costs are charged against a Federal Transit Grant.
<b>Time Frame</b>	Staff training will be completed by December 31, 2002.
<b>Person Responsible</b>	Jim Liesenfelt, Transit Director Dennis Rogero, Budget Office Director

<b><i>Issue # 3</i></b>	<b><i>Self-Insurance</i></b>
	<p>We noted that SCAT's operating expenses included self-insurance costs for auto liability (\$140,628), general liability (\$19,696), and building and contents (\$17,221).</p> <p>Self-insurance costs are limited under the grants to the extent of actual contribution to a reserve for a self-insurance program that has been approved by the FTA. Per discussion with SCAT personnel, it appears that the FTA has not approved the County's self-insurance program.</p> <p>In addition, to be allowable, the self-insurance fund must be included in the CAP and contributions to reserves must be calculated in accordance with the cost principles. Any reserve levels in excess of the amounts so calculated must be identified and justified in the cost allocation plan or indirect cost rate proposal.</p> <p><b><i>Impact</i></b></p> <p>Since SCAT requests reimbursement for operating costs under both of its federal programs, all costs included in those reimbursement calculations are required to be in accordance with the cost principles of OMB Circular A-87.</p> <p>The self-insurance costs could be disallowed since they are not included in the CAP and the program has not been approved by the FTA.</p> <p><b><i>Recommended Action</i></b></p> <p>We recommend the Risk Management Internal Service Fund be included in the County's CAP and that SCAT request its self-insurance program be approved by the FTA.</p>
<b><i>Management Response and Action Plan</i></b>	
<b>Response</b>	SCAT will support the County's efforts in developing a new Cost Allocation Plan. SCAT staff will submit the self-insurance program to the FTA for approval. Until FTA approval is received for self-insurance, SCAT will not charge its Federal Operating Grants for self-insurance costs.
<b>Time Frame</b>	Staff will submit the self-insurance program to FTA for its approval by November 30, 2002.
<b>Person Responsible</b>	Jim Liesenfelt, Transit Director

<b>Issue # 4</b>	<b>Emergency Management Fees</b>
	<p>We noted that SCAT was allocated emergency management fees in the amount of \$10,000, and this was charged in total to the Section 5307 federal grant. The internal invoice did not provide any cost or allocation basis for the amount charged to SCAT. In addition, it appears this cost benefits more than just the federal grant and, therefore, should be allocated to all SCAT programs, projects, and activities based upon the benefits received.</p> <p><b>Impact</b></p> <p>The charge to the grant is not in accordance with the cost principles and may be disallowed.</p> <p><b>Recommended Action</b></p> <p>We recommend that emergency management fees be included in the CAP and that these costs be charged to operating expenses rather than directly charged to this federal program.</p>
<b>Management Response and Action Plan</b>	
<b>Response</b>	SCAT will work with Emergency Management to document the cost allocation plan for the charge. SCAT feels that special needs transportation planning is a proper charge to our capital grants, since SCAT is responsible to staff Emergency Support Function #1, transportation.
<b>Time Frame</b>	A cost justification plan will be developed by December 31, 2002.
<b>Person Responsible</b>	Jim Liesenfelt, Transit Director

## ***Issue # 5***

## ***Other Interdepartmental Charges***

In addition to the interdepartmental charges noted in Issues #1, 2, 3, and 4, we noted numerous other interdepartmental charges that were being posted to SCAT accounts. For FY2001, we were able to identify the following allocated costs, but we do not believe the list to be all inclusive:

- Salary and benefits of the Assistant County Manager - \$44,839
- Other expenses of the Assistant County Manager - \$1,005
- Audit fees - \$1,639
- Data processing charges – \$6,978
- 800MHz Radio System facilities capital leases - \$726
- 800 MHz Radio System network maintenance - \$8,373
- 800 MHz Radio System equipment maintenance - \$11,738
- Facilities Management charges - \$22/hour plus 10% administrative fee for pest control, maintenance, fire extinguisher, renovate/relocate, and express mail
- Solid waste billing - \$1, 353

Most of these charges were supported by internal billings which did not provide adequate support to determine if the charges were based upon actual costs and calculated in accordance with the cost principles. Issues related to these types of costs include, but are not limited to the following:

- Some of these charges appear to be “billed central services,” and as such, should be included as part of the CAP. Billed central services are central services that are billed to benefited departments and/or programs on an individual fee-for-service or similar basis.
- Salary charges, as noted in Issue #10, must be supported by personnel activity reports and based upon actual payrolls.
- Annual financial statement audit fees should not exceed an amount as calculated in accordance with OMB Circular A-87 unless appropriate documentation demonstrates higher costs.

The support for most of these was insufficient to determine allowability.

Since the County has not developed a current central service cost allocation plan nor indirect cost rates, these fees and charges are not in accordance with the cost principles, which require a plan to be in place to bill these types of costs.

### ***Impact***

To be allowable, costs must be necessary, reasonable, and allocable to the Federal program in accordance with the cost principles. Therefore, the costs that are not calculated in accordance with the cost principles nor supported by a reasonable allocation method may be disallowed.

<b><i>Issue # 5</i></b>	<b><i>Other Interdepartmental Charges (continued)</i></b>
	<p><b><i>Recommended Action</i></b></p> <p>The County should review all of its interdepartmental service charges and fees and develop a cost allocation plan that covers all of its central service costs, including billable central services, and appropriate indirect cost rates.</p>
	<b><i>Management Response and Action Plan</i></b>
<b>Response</b>	SCAT will support the County's efforts in developing a new cost allocation plan and will work with departments to ensure that interdepartmental service charges are fully documented. SCAT staff will review interdepartmental charges before submitting reimbursement to Federal Grants.
<b>Time Frame</b>	SCAT staff review will begin on October 1, 2002.
<b>Person Responsible</b>	Bob Roberson, Manager of Planning & Finance Dennis Rogero, Budget Office Director

<b>Issue # 6</b>	<b>Unallowable Cost</b>
	<p>We noted during our testwork that SCAT had contracted to have a bus stop constructed at the Melbourne Mall. Even though the project was never started, SCAT paid \$7,500 to a vendor for the bus stop and requested and received reimbursement for this expenditure from the federal government.</p> <p><b>Impact</b></p> <p>SCAT charged the federal grant for costs that they did not incur. The \$7,500 is a disallowed cost.</p> <p><b>Recommended Action</b></p> <p>SCAT should implement control procedures to ensure payments are not made if goods and services are not received. In addition, SCAT should return the funds to the grantor and request reimbursement from the vendor.</p>
<b>Management Response and Action Plan</b>	
<b>Response</b>	<p>Staff has already requested reimbursement from the vendor for the \$7,500. SCAT has added a staff contact person on all capital purchases. The staff contact person must sign that the project is complete before grant funds are drawn. SCAT will reimburse the Federal Transit Administration during our next grant reimbursement cycle in October 2002. Note: These funds are 100% Federal and do not affect SCAT's local match.</p>
<b>Time Frame</b>	<p>Vendor reimbursement will be received by September 30, 2002. Staff approval on capital projects is already in effect. Grant funds will be returned by October 31, 2002.</p>
<b>Person Responsible</b>	<p>Bob Roberson, Manager of Planning &amp; Finance</p>

<b><i>Issue # 7</i></b>	<b><i>Unsigned Contract</i></b>
	<p>We noted that SCAT does not have a signed contract with the provider of its vanpool management services.</p> <p><b><i>Impact</i></b></p> <p>The County does not have a binding legal contract with the provider. This may make it difficult, if not impossible, for the County to sue for non-performance and could create risk for SCAT since the terms have not been formally agreed to by both parties.</p> <p><b><i>Recommended Action</i></b></p> <p>We recommend SCAT enter into a contract, signed by both parties, as soon as possible.</p>
<b><i>Management Response and Action Plan</i></b>	
<b>Response</b>	The proposed contract has been submitted to the vendor for their signature.
<b>Time Frame</b>	Final signatures to be completed by September 30, 2002.
<b>Person Responsible</b>	Jim Liesenfelt, Transit Director

<b>Issue # 8</b>	<b>Salaries and Benefits</b>
	<p>Charges to Federal Awards for salaries and wages, whether direct or indirect, must be based upon payrolls documented in accordance with the practice of the governmental unit and approved by a responsible official. When employees work on multiple activities, a distribution of their wages must be supported by personnel activity reports. These reports must reflect the after-the-fact distribution of the activity of the employee, be signed by the employee, prepared at least monthly, and coincide with one or more pay periods. We noted the following with regards to salaries and wages:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Salaries and benefits of the Director, Manager of Planning &amp; Finance, and the Accountant are allocated to the Transit Formula Block Grant based upon percentages that result in an allocation equal to the budgeted amount. The allocation was not based upon signed personnel activity reports and was not certified at least monthly.</li> <li><input type="checkbox"/> A percentage of the salaries and benefits of the Director and other personnel are also charged to the Planning Grant; these charges are not supported by personnel activity reports that are certified monthly.</li> <li><input type="checkbox"/> A percentage of the salary and benefits of the Assistant County Manager are allocated to SCAT. We were not given any documentation to indicate that this amount was based upon actual payrolls supported by personnel activity reports that had been certified monthly.</li> </ul> <p><b>Impact</b></p> <p>Charges for salaries and wages are not adequately supported in accordance with the cost principles of OMB Circular A-87; therefore, these costs may be disallowed.</p> <p><b>Recommended Action</b></p> <p>We recommend the following:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The Director and other personnel complete personnel activity reports in accordance with the cost principles and that the programs be charged in accordance with these reports.</li> <li><input type="checkbox"/> The Assistant County Manager complete personnel activity reports in accordance with the cost principles and that this information be used as a basis to allocate his salary to the SCAT.</li> </ul>
	<b>Management Response and Action Plan</b>
<b>Response</b>	SCAT is developing personnel activity reports for each of the transit grants in which salaries are charged. SCAT will work with the County Manager's Office to formulate a personnel activity report indicating the Assistant County Manager's and Secretary's cost charged to Transit grants.
<b>Time Frame</b>	Personnel Activity Reports will be in place on October 1, 2002. Personnel Activity Reports will be used for grant draws beginning October 1, 2002.
<b>Person Responsible</b>	Bill Quinn, SCAT Accountant

<b>Issue # 9</b>	<b><i>National Transit Database</i></b>
	<p>Our testwork indicated that most of the National Transit Database worksheets are being maintained manually rather than using commercial computerized spreadsheet software. As a result, we found computational and transposition errors. We also believe that the manual procedure is labor intensive and not cost-efficient.</p> <p>We also found other errors in the database information, such as:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Missing a month of passenger and revenue miles for the School Board program</li> <li><input type="checkbox"/> Estimates being used when actual records were missing for the Vanpool</li> <li><input type="checkbox"/> Backup van revenue and passenger miles being recorded in the incorrect mode</li> <li><input type="checkbox"/> Incorrect allocation percentages being used for the urbanized area allocation reported on Form 901</li> </ul> <p><b><i>Impact</i></b></p> <p>Transportation data is not being reported accurately and the process is not as efficient as it could be. Not only is this information used for reporting statistics to the FTA, it is also used as the basis for requesting reimbursement under the Section 5311 federal grant and several state projects. If the trip/passenger/revenue mile information is incorrect, then the reimbursement being requested is also incorrect.</p> <p>This data is also used to calculate the cost of operations in the Titusville urbanized area. The calculated amounts are used by SCAT to determine the allowability of the operating assistance being requested under the Section 5307 federal grant. If the statistics are incorrect, then SCAT may not be requesting the appropriate amount.</p> <p><b><i>Recommended Action</i></b></p> <p>Although SCAT received a closeout letter without issues for the 2001 National Transit Database report, we believe information would be more accurate and take less time to produce if the Department were to utilize a commercial spreadsheet program for the processing of this information. In addition, we recommend SCAT implement adequate control procedures to capture and record actual data and to ensure any future errors are identified in a timely manner by employees during the normal performance of their assigned duties.</p>
	<b><i>Management Response and Action Plan</i></b>
<b>Response</b>	<p>SCAT must have its National Transit Database report certified by independent auditors each year. To compile this yearly report, over 100,000 data inputs from all SCAT employees and contractors are reviewed and totaled, then submitted to FTA for review. It is estimated that SCAT uses approximately 2,000 to 3,000 staff hours per year to complete the report.</p> <p>Once the independent auditor has certified the report, SCAT resubmits the National Transit Database to the Federal Transit Administration (FTA) with corrections based on the Auditor's findings.</p>

<b><i>Issue # 9</i></b>	<b><i>National Transit Database (continued)</i></b>
<b>Time Frame</b>	The corrected data for the FY 2001 report year has already been submitted to the FTA. Spreadsheets are already being used in preparation of the FY 2002 report and data to be used in the FY 2002 report is being reviewed by SCAT employees as part of their normal duties. All changes in procedure will be included in the next NTD Report due on February 28, 2003.
<b>Person Responsible</b>	Bob Roberson, Manager of Planning & Finance

<b>Issue # 10</b>	<b>Operating Assistance Calculation</b>
	<p>SCAT receives operating assistance under its federal capital grant for transit operations in the Titusville urbanized area. SCAT utilizes the National Transit Database information to estimate the costs of providing services in this area. After adjusting for errors in the National Transit Database, as noted in Issue #9, the allocation percentage for the Titusville urbanized area changed, resulting in a cost figure less than originally calculated.</p> <p>Due to this adjustment, SCAT's request for operating assistance was \$1,815 more than 50% of the Titusville urbanized area operating costs, which is the maximum allowed by the grant.</p> <p><b>Impact</b></p> <p>The amount in excess of the adjusted cost may be disallowed.</p> <p><b>Recommended Action</b></p> <p>We recommend SCAT refund the amount in excess of the allowable cost.</p>
<b>Management Response and Action Plan</b>	
<b>Response</b>	SCAT is developing a cost allocation spreadsheet for determining the most accurate draw of Titusville Urbanized Area Operating Grant funds.
<b>Time Frame</b>	Both items will be completed in SCAT's fourth quarter Federal draw no later than October 31, 2002.
<b>Person Responsible</b>	Jim Liesenfelt, Transit Director