

AUDIT OF SCAT TRANSPORTATION DISADVANTAGED GRANT PROGRAM

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EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's Internal Audit Department and Office of the Inspector General conducted an independent audit of Sarasota County Area Transit (SCAT) Transportation Disadvantaged Grant Program. The purpose of the audit was to review compliance with applicable Florida Statutes, grant agreements, services plans, and policies and procedures related to the transportation disadvantaged grant program.

The audit found that the transportation disadvantaged grant program:

- Provided ride services to noncertified clients,
- Lacked monitoring and retention of client applications,
- Lacked sufficient supporting documentation and approvals for reimbursement requests,
- Is not compliant with the Office of Financial Management Grant Policy and Procedures Manual,
- Is not compliant with the Commission for Transportation Disadvantaged Invoicing Procedures.

Lack of monitoring and retention of client applications could result in a violation of the grant agreement and reduced or discontinued state funding for the Transportation Disadvantaged Grant Program.



BACKGROUND AND OBJECTIVES

The Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* has completed an audit of Sarasota County Area Transit Transportation Disadvantaged Grant Program. The audit was planned and conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to review compliance with applicable Florida Statutes, grant agreements, services plans, and policies and procedures related to the transportation disadvantaged grant program.

Background

The Florida Commission for the Transportation Disadvantaged (FLCTD) appointed Sarasota County Area Transit (SCAT) as the Community Transportation Coordinator (CTC) for the Sarasota-Manatee Metropolitan Planning Organization (MPO) in July 2000. As the CTC, SCAT is required to submit a Transportation Disadvantaged Services Plan (TDSP) which outlines the plan for meeting the need of the transportation disadvantaged (TD) population in Sarasota County and the eligibility guidelines for TD services. On April 11, 2018 SCAT was retained as the designated CTC extending until June 30, 2023. As outlined in Florida Statute 427.0155, one of the powers and duties of the CTC is to have full responsibility for the delivery of transportation services for the transportation disadvantaged.

Annually, SCAT enters into a grant agreement with the FLCTD which provides local funding for the delivery of transportation services to TD individuals. The objective of the CTD Trip and Equipment Grant 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." In order for a citizen to be eligible to receive services under the TD grant program an application must be completed, approved, and re-certified every three years.

Between the dates of October 1, 2017 through September 30, 2018, fiscal year 2018, SCAT was operating under two grant agreements, GOM78 and GOX60, and received a total of \$1,256,552.00 in trip reimbursement funds. SCAT records indicate that during fiscal year 2018, 400 citizens were provided services under the TD grant, a total of 46,030 individual rides.

Objectives, Scope and Methodology

The objectives of this audit were to determine if SCAT's internal controls related to client application process, eligibility monitoring, and subsequent reimbursement of grant funds are operating effectively and if they are in compliance with applicable grant agreements and policies and procedures. The scope of the audit included the time period of October 1, 2017 through September 30, 2018.

To meet the objectives of the audit, the procedures performed included, but were not limited to, the following:

- Obtained an understanding of relevant Florida Statutes, Transportation Disadvantaged Services Plan, FLCTD Trip and Equipment Grant Agreements G0M78 and G0X60, and applicable policies and procedures.
- Conducted a walkthrough of the TD grant program.
- Performed inquiries of SCAT staff.
- Tested a statistical sample of 809 rides, consisting of 184 individual clients.
- Examined all reimbursement requests completed within the audit period.
- Identified opportunities for improvement.



OPPORTUNITIES FOR IMPROVEMENT AND MANAGEMENT RESPONSES

The audit disclosed certain policies, procedures, and/or practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. As a result of the audit, observations and recommendations identified below are related to *Standards*:

- (Standard 2130.A1) Adequacy and effectiveness of controls, particularly compliance with policies and procedures and the reliability and integrity of operational information.

The **Opportunities for Improvement** presented in this report may not be all-inclusive of areas where improvement may be needed. There were six (6) *Opportunities for Improvement* identified as a result of the audit:

1. **Ride Services Provided to Noncertified Clients**
2. **Application Retention**
3. **Compliance with SOP #707: ADA/TD Eligibility**
4. **Compliance with SOP #205: Transportation Disadvantaged Grant Billing**
5. **Compliance with OFM Grant Policy and Procedures Manual**
6. **Compliance with CTD Invoicing Procedures**

1. Ride Services Provided to Noncertified Clients.

Observation

Chapter five of the Transportation Disadvantaged Services Plan states "Applications must be renewed every three years from the date of the original approval or last renewal date". Additionally, SOP #708: ADA/TD Recertification states "At least once every three years, clients are required to submit a new application to recertify their eligibility".

During the review of the 809 rides in the sample, the auditor identified 20 individual clients, a total of 168 rides or 21%, which were provided while the client was not certified. This equates to a total cost of \$5,255.35. A provision of the grant agreement is that SCAT provides a local match of 10% of project costs. As a result, SCAT was improperly reimbursed a total of \$4,729.82.

Recommendation

Develop and implement quality assurance processes to ensure client eligibility dates stored in the Trapeze application are correct and to ensure client eligibility is reviewed prior to scheduling a ride.

Management Response

A new SOP #758, has been developed, replacing SOP #708. The new SOP specifies:

- 1) A process for identifying those who need recertification.
- 2) Random file scans to identify any additional clients without an expiration date.
- 3) Proper document retention.

A new SOP #756 specifically addresses Quality Assurance and implements the following checks and balances:

- 1) An electronic file listing all client names and application dates. This has been created by doing a 100% inventory of existing files along with assuring proper filing locations.
- 2) Assignment of accountability to the Mobility Coordinator for ensuring accurate expiration dates are marked in the Trapeze Database.
- 3) Committing the Paratransit Manager to auditing at least 10% of new files to ensure all administrative requirements are met.

2. Application Retention.

Observation

Before a client is eligible to receive a ride provided by the transportation disadvantaged grant funding the client must complete an eligibility application. Client applications must be recertified every three years in order for the client to continue utilizing ride services. A requirement of the grant agreement is that SCAT must retain client applications during the period of the agreement and for five years after final payment is made. Additionally, SOP #710 states medical records should be retained for six years.

Of the 184 paper applications requested 164 paper applications were located and reviewed. Therefore, SCAT was unable to locate 20 paper applications.

Recommendation

To ensure compliance with the grant agreement, SCAT should monitor future retention of applications and ensure applications are retained for the required time per the current grant agreement.

Management Response

A new SOP #756 specifically addresses Quality Assurance and implements the following checks and balances:

- 1) An electronic file listing all client names and application dates. This has been created by doing a 100% inventory of existing files along with assuring proper filing locations.
- 2) Assignment of accountability to the Mobility Coordinator for ensuring accurate expiration dates are marked in the Trapeze Database.
- 3) Committing the Paratransit Manager to auditing at least 10% of new files to ensure all administrative requirements are met.

3. Compliance with SOP #707: ADA/TD Eligibility.

Observation

SOP #707 stipulates the criteria used to determine if an applicant is eligible for transportation disadvantaged services and requires that all transportation disadvantaged grant eligibility applications contain documentation to support age verification, disability certification, and income verification.

During review of the 164 located paper applications, the auditor identified 58 applications which are non-compliant with the requirements of SOP #707. Of the 58 applications:

- 19 applications do not have a signature on all required pages,
- 34 applications are noted on the paper application as TD and do not have wage information,
- 10 applications are missing a page,
- 6 applications are lacking essential information.

Additionally, SCAT is no longer collecting the documentation required by SOP #707 to approve income verification.

Recommendation

Develop and implement quality assurance processes to ensure that applications are reviewed prior to approval and are complete, contain necessary signatures, and contain required documentation.

Management Response

SOP #707 has been replaced with SOP #751, clarifying required documentation. The new Quality Assurance SOP #756, and increased focus on accuracy will eliminate future occurrences of pages without required signatures as well as missing pages.

4. Compliance with SOP #205: Transportation Disadvantaged Grant Billing.

Observation

SOP #205 requires the billing process to be completed on the 15th of each month, or the following Monday for the previous month's performed trips. Exhibit B of the grant agreements suggest that the Grantee should make every effort to submit invoices within 30 days after the month of service provision.

Additionally, SOP #205 requires a reimbursement request to be submitted to the Fiscal Program Manager for review and approval prior to submission to the Florida Commission for Transportation Disadvantaged (FLCTD).

During review of the 12 reimbursement requests, the auditor identified:

- Four reimbursement requests which were submitted after the 15th of the month,
- Six reimbursement requests which were submitted after 30 days,
- Seven reimbursement requests which lacked documented approval,
- Five reimbursement requests which were approved by someone other than the Fiscal Program Manager.

Recommendation

Develop and implement quality assurance processes to ensure that reimbursement requests are completed in a timely manner, and that all requests contain a documented approval in the grant master file, prior to submission to FLCTD.

Management Response

The compliance issues with SOP # 205 have been resolved through a revised SOP. Reimbursement requests cannot be submitted until the vendor is paid per Board policy which is often after the 15th.

Some of the approvals were verbal approvals. This has been resolved through a revised SOP. The five Reimbursement requests approved by someone other the Fiscal Program Manager occurred because the position was vacant. The FPM position was vacant until the end of February 2018 at which time it was filled. However, the new hire was not approving the invoices until later after the process was learned. On April 13, 2018 the Grants specialist who creates the invoices left her position. Again, the Grants specialist position was vacant and not

filled until October 2018. The FPM was creating the invoice. At that time, the approval reverted again to OFM-Grants.

The SOP has been revised to reflect or designee and the Fiscal Specialist will be cross-trained on the TD invoice for the July invoice which is invoiced in August. So, there will be two people who can prepare the invoice and two able to review for approval.

5. Compliance with OFM Grant Policy and Procedures Manual.

Observation

The Office of Financial Management (OFM) grant policy and procedures manual stipulates that the Grant Manager is responsible for ensuring all reimbursement requests are complete, accurate, and submitted to the Granting Agency in a timely manner. Additionally, the Grant Manager is responsible for providing the OFM grants team with a complete copy of the reimbursement request for review and inclusion in the official document imaging system grant master file.

During the review of the 12 reimbursement requests, the auditor identified 6 instances where the reimbursement request stored in the grant master file is inconsistent with the final reimbursement request submitted to FLCTD.

Recommendation

Develop and implement a monitoring process to ensure that reimbursement requests are updated in the official document imaging system upon approval from the FLCTD.

Management Response

The compliance issue of inconsistent record of final reimbursement has been resolved in the revised SOP # 205 communication with OFM and reconciliation to OnBase.

The correct Reimbursement invoices with supporting documentation were submitted to OFM Grants for recording in the grant master file.

6. Compliance with CTD Invoicing Procedures.

Observation

Section 1.04 of the Commission for the Transportation Disadvantaged Invoicing Procedures states that the invoice workbook should consist of a CTD Trip Invoice Form, Trip Summary Data Report, and Detailed Trip Data Reports. Section 1.2 relates to the Trip Summary Data Report and states that "This report must be submitted with the invoice and detailed back-up documentation in order for the invoice to be processed by the Commission. Data provided on this form must match data provided on the back-up documentation."

During the review of the 12 reimbursement requests, the auditor identified 2 instances where the reimbursement request contained a discrepancy between the supporting documentation and the Trip Summary Data Report. Additionally, the auditor identified 2 instances where the reimbursement request stored in the grant master file lacked the required supporting documentation.

Recommendation

Develop and implement a monitoring process to ensure that reimbursement requests are accurate and contain all required supporting documentation.

Management Response

The compliance issue of regarding the discrepancy of supporting documentation and the reimbursement request has been resolved in the revised SOP # 205 through communication with OFM and reconciliation to OnBase.

The correct Reimbursement invoices with supporting documentation were submitted to OFM Grants for recording in the grant master file.

