

FEDERAL TRANSIT ADMINISTRATION COMPLIANCE REVIEW SUMMARY

Program Evaluation and Audit



May 19, 2020

INTRODUCTION

Background

As a direct recipient of federal funds from the Federal Transit Administration (FTA), the Metropolitan Council is required to conduct oversight of its subrecipients and contractors and ensure that they comply with federal requirements. The Council is also responsible for ensuring that its contract terms are followed and enforced.

Since at least 2011, Program Evaluation and Audit has been reviewing subrecipients and contractors on a periodic basis to help fulfill the Council's obligations as a direct recipient.

Objective

This report summarizes the findings and advisory comments that Audit has found from 2014 to 2019 during the reviews of subrecipients and contractors.

Scope

This review covers activities conducted since the beginning 2014 through reports started in 2019. Most subrecipients and contractors have been reviewed over the 5-year cycle, and some have been reviewed multiple times. This memo covers audit findings from January 1, 2014 through February 11, 2020. Records from prior to 2014 are outside Audit's retention schedule and are not included in this analysis.

Notations

Audit interns have traditionally conducted most of this oversight work under the supervision or full-time audit staff. There have been at least six different groups of interns that have performed the audits and methodologies have varied over time.

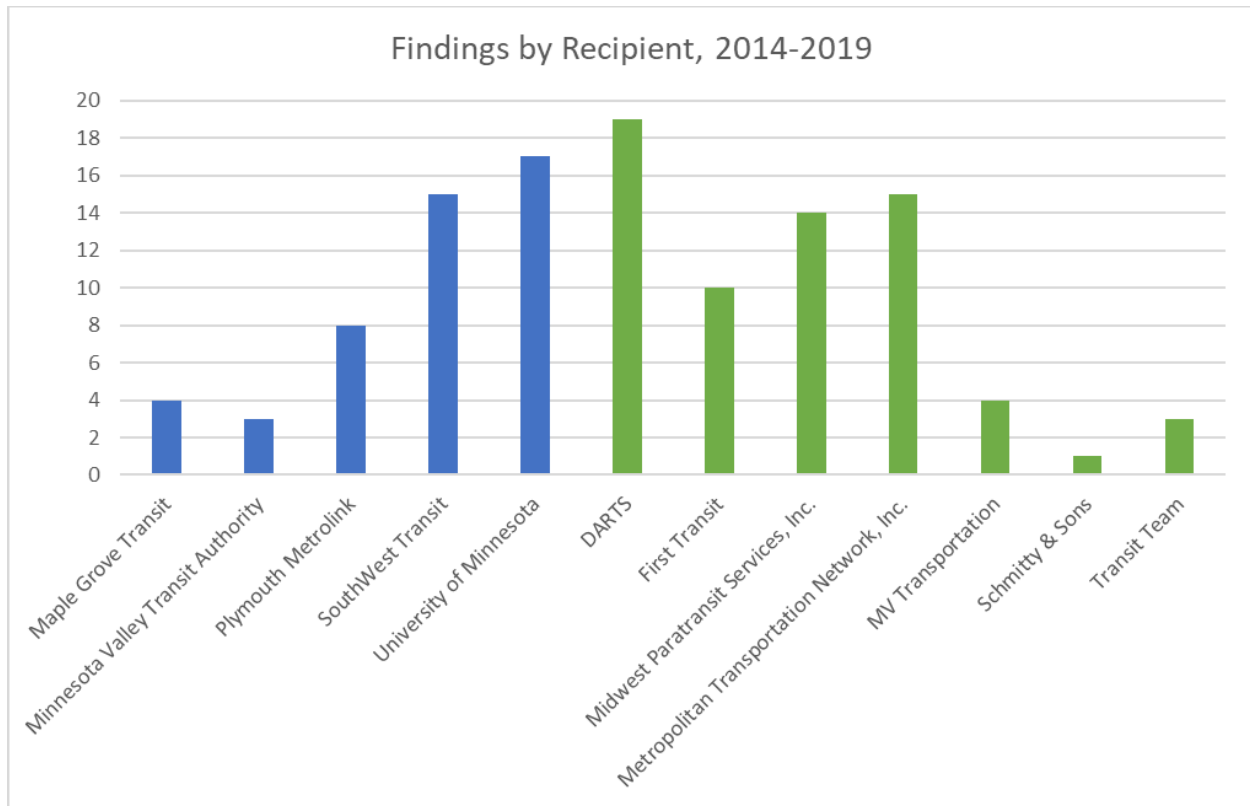
In addition, the FTA puts a new version of the *Triennial Guidebook* out each year. Generally, the yearly changes are small and reflect improvements in regulation or evaluation. In the FY2017 version, the Equal Employment Opportunity section was updated to reflect FTA C 4704.1's first overhaul. In FY2018's version, the *Guidebook* was overhauled and some sections were consolidated or removed. Finally, in FY2019, Transit Asset Management was added.

STATISTICS

The number of findings varies from year to year, based both upon the number of audits completed and the compliance of the reviewed auditee (**Table 1**). For this analysis, findings are recorded under the year that the audit was initiated. Typically, 8-14 areas are reviewed for compliance with FTA requirements depending on whether the auditee is a contractor or subrecipient. Additionally, yearly changes to the *FTA Triennial Review Guide* can affect the number of findings as sections are added, deleted, or modified. During this period, 88% of findings are based on federal deficiency codes, while the remaining 12% are based upon failure to uphold Council contract terms. Some Council contract terms are more specific than federal deficiency codes.

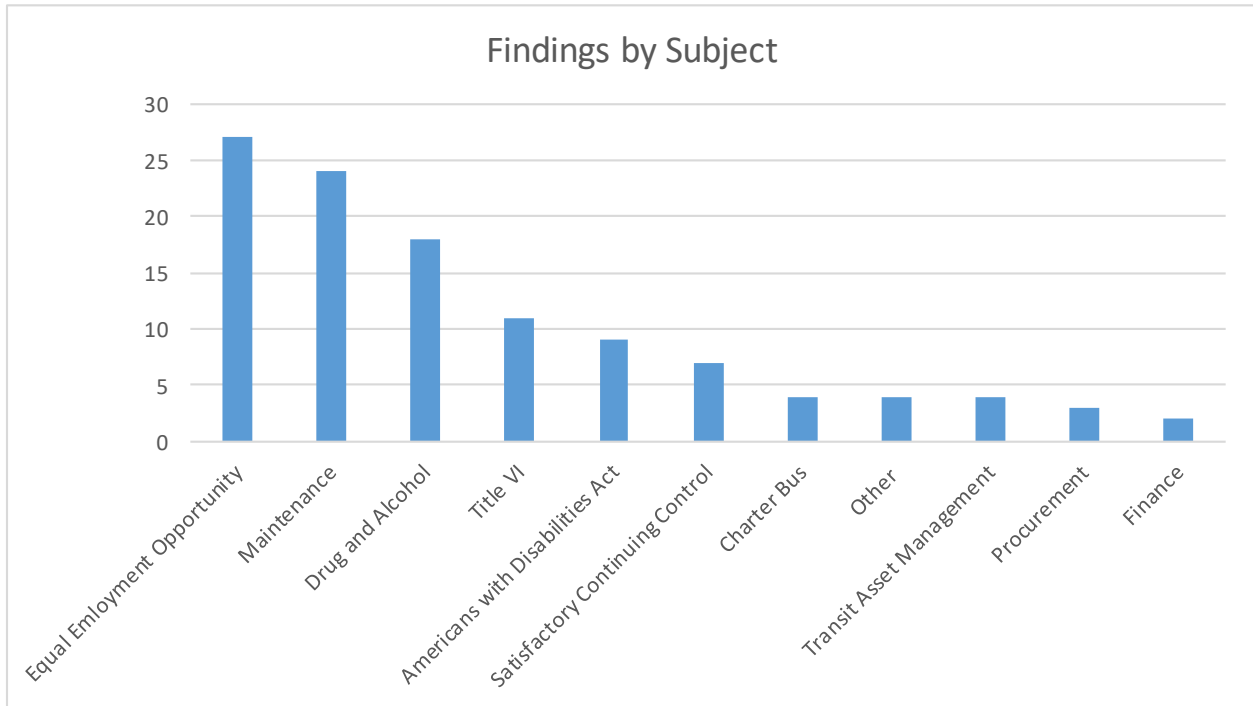
Table 1: Findings and Advisory Comments by Year

Year	2014	2015	2016	2017	2018	2019	Totals
Findings	22	14	3	5	40	29	113
Advisory Comments	2	5	0	8	9	2	24
Total	24	17	3	13	49	31	137
Audits	2	4	1	4	3	5	19



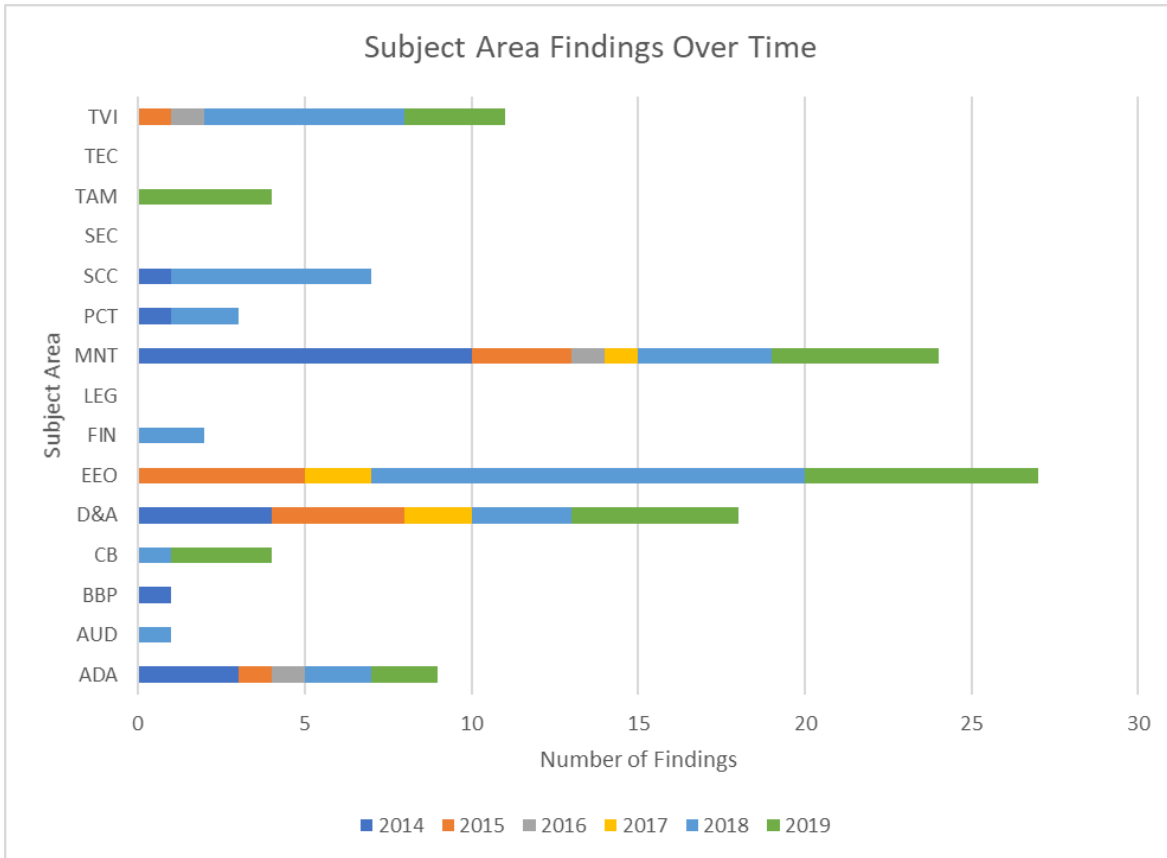
Note 1: Subrecipients are in blue, contractors are in green.
 Note 2: SWT, PLY, TT, and UMN have been reviewed twice during this period
 Note 3: FT is the cumulative value of all First Transit findings.

Our audits have most frequently identified findings in the FTA sections related to Maintenance and Equal Employment Opportunity (EEO), while fewer are found in Technical Capacity and the Security category, the latter of which has since been closed and merged with other sections of the manual (**Chart 2**). Transit Asset Management (TAM) was added in 2019 and only applies to those who opted out of the Council’s Group TAM Plan or are a Tier 1 provider.



Typical Findings by Area:

- Americans with Disabilities Act: deficiencies in the complaint process or exclusive language, rather than service or lift-related issues.
- Drug & Alcohol: deficiencies in monitoring contractors’ D&A programs and/or training programs.
- Equal Employment Opportunity: lack of or deficiencies in the sub-recipient’s Affirmative Action Plan, Employment Practices Analysis, or Utilization Analysis
- Maintenance: deficiencies in cleanliness, inspections, or policy.
- Title VI: deficiencies in Language Assistance Plans and notification to the public.



FUTURE AUDITS

Based on the results of recent audits, Program Evaluation and Audit plans to modify its approach to helping the Council ensure compliance to federal requirements. We plan to implement a risk-based approach to selecting subrecipients and contractors for review and which sections of the FTA regulations to focus on. Audit is also currently reviewing ways to review and suggest improvements to oversight activities conducted by other departments at the Council. MTS staff conduct oversight on contractors and subrecipients drug and alcohol, maintenance programs, and adherence to satisfying continuing control. Office of Equal Opportunity staff review subrecipient and contractor adherence to Civil Rights areas such as ADA, EEO, and Title VI programs. In addition, the Council completes an annual risk assessment of subrecipients. Audit is currently working to map these processes and will consider assurance work to ensure that these processes are effective and efficient; in addition to targeted audit work with subrecipients and contractors in higher risk areas or if there is suspicion of non-compliance. Ensuring compliance with federal requirements continues to be imperative for the Council and Audit looks forward to continuing to support these efforts in a more effective and efficient way.



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