

METRO TRANSIT GRANTS ADMINISTRATION

PROGRAM EVALUATION AND AUDIT



METROPOLITAN
C O U N C I L

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Highlights

Apportioned Grants Managed According to FTA Requirements and Internal Requirements

What We Found

What's Working Well

Metro Transit is following proper channels to develop (Internal Grant Applications (IGAs), Transit Award Management System (TrAMS) applications, Notice of Grant Awards (NOGAs), etc.) and approve grants and send progress reports to the Federal Transportation Administration (FTA) promptly and with the proper level of detail. Metro Transit calculates the correct amount of local funds contributed to each project, and expenses from invoices reviewed for this audit were within the scope of the grant formula funds.

What Needs Improvement

Audit had difficulty tracing the grants administration process from set-up and approval to execution. Documentation was retained, but assistance was needed from Metro Transit Grants staff to locate it.



Why We Did This Work

Metro Transit receives several grants from the FTA to maintain capital projects and daily operations, such as bus and transit facility purchases and repairs. This audit verified that projects funded with apportioned FTA dollars followed appropriate channels for approval and set-up, project budgets and schedules were being monitored, and FTA requirements were followed. This audit also verified that expenses for the sampled projects were within the scope of the grant and that grant close-out activities were carried out according to procedure.

What We Reviewed

This audit tested a random selection of NOGAs for Metro Transit projects that used formula funds 5307, 5310, 5337, and 5339a between 2021 and 2022.

How We Did This Work

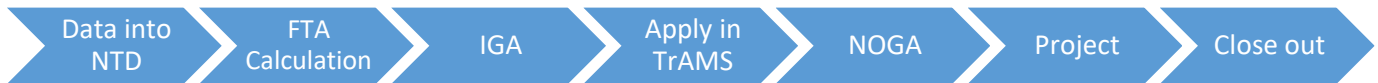
Audit gathered and reviewed FTA grant requirements, Metro Transit Grant Management's control documents, grant applications, NOGA, invoices, and other supporting documents. Audit also interviewed Metro Transit Grants staff to learn about current Grants Administration practices.

Introduction

Background

The Council receives several grants from federal and state sources to carry out the Council’s capital projects and daily operations, such as bus and transit facility purchases and repairs. One subset of grants is apportioned/formula funding from the Federal Transit Association (FTA). Every year, the Council compiles data and enters that information into the National Transit Database (NTD). The data entered include key metrics such as vehicle revenue miles, vehicle revenue hours, passenger miles traveled, unlinked passenger trips, and operating expenses¹. The FTA then plugs the data into a formula developed to determine the amount of grant funds available to the metropolitan region to draw from for a given year. Table 1 lists these formula/apportioned grant funds, a description, and approximately how much has been made available to the Council in 2021 and 2022. These apportioned grant funds are specific to Metro Transit and Metropolitan Transportation Services (MTS) and are noted in the table below. As Metro Transit and MTS incur expenses from projects, maintenance activities, bus purchases, and other projects, the Council will draw down from the available funds for each grant fund, as appropriate.

Figure 1 – Grants Administration Overview



The Council is the region’s Metropolitan Planning Organization (MPO). Therefore, while the Suburban Transit Providers (STPs) report their data to the FTA, their portion of the grant funds comes through the Council. Furthermore, the STPs do not directly receive federal grant funds. Instead, the Council uses the data the STPs entered in the NTD and the formula the FTA uses to determine how much of the grant funds awarded to the region they each should get. The STPs then have the equivalent Regional Transit Capital (RTC) funds made available to them to help fund their projects, maintenance, bus purchases, and operating expenses.

Table 1. Formula Funded Grant Amounts for 2021 & 2022.

Grant Name and Number	Description	2021 (approx.)	2022 (approx.)
Urbanized Area Formula Grants – 5307	Provides resources for transit capital and operating assistance in urbanized areas and for transportation-related planning.	\$59M	\$76M

¹ The National Transit Database (NTD), <https://www.transit.dot.gov/ntd>.

Enhanced Mobility of Seniors & Individuals with Disabilities – 5310	Provides formula funding to states for the purpose of assisting private nonprofit groups in meeting the transportation needs of older adults and people with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meet these needs.	\$2.2M	\$3.3M
State of Good Repair Grants – 5337	Provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. It can also be used for developing and implementing Transit Asset Management plans.	\$19.9M	\$31.1M
Grants for Buses and Bus Facilities Formula Program – 5339a	Provides funding to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities.	\$5.8M	\$5.6M

Objective

The objectives for this audit were to:

- Verify projects that receive FTA formula funding are approved and set up according to Metro Transit Grants Management control documents before the project commences.
- Verify that, at a minimum, controls have been established to monitor project budgets, schedules, and performance per FTA requirements (e.g., circulars 5010.1E and 9030.1E and 2 CFR 200.328-9).
- Ensure expenses are within the scope of grant funding requirements for the projects sampled.
- Verify closeout activities are being performed according to FTA requirements and Grants Management Control Documents.

This audit considered the Council's *Thrive MSP 2040* Outcomes and Principles of Stewardship, Prosperity, and Accountability. This audit furthered *stewardship* and *prosperity* by reviewing the controls to ensure public resources are monitored and used according to their respective grant programs. This audit also addressed *accountability* by reviewing adherence to Council procedures, Metro Transit Grants Management control documents, and FTA requirements.

Scope

The scope of this audit were projects from Notice of Grant Awards between 2021 and 2022 that used formula funds, described in Table 1. The scope was limited to grants managed by Metro Transit and did not include grants managed by MTS.

Since the STPs receive RTC dollars and are not apportioned grant funds, they were not included in this audit.

Methodology

Audit staff reviewed Council policy and procedures, including Metro Transit Grants Management control documents and FTA circulars pertaining to grants administration. Metro Transit Grants and Finance staff were interviewed to understand better the grants administration process beginning with project approval and set-up.

Ten projects, out of 51 total projects, funded by formula funds listed in Table 1 were randomly selected for review. However, due to the random selection process, Audit did not review projects using 5310 or 5339a formula funds. For each project, the Notice of Grant Awards (NOGAs), Internal Grant Applications (IGAs), Milestone Progress Reports (MPRs), and Federal Financial Reports (FFRs) were evaluated. Thirty-three invoices were randomly selected for review across all sampled projects.

Six Metro Transit project managers (PMs) were also interviewed to understand what they perceive is going well with projects funded with apportioned grant funds, what is not working well, and their thoughts on what could be improved.

Limitations

Audit staff needed help locating all the necessary information to trace the grants administration process from project approval to close out. In some instances, Audit staff had to request documentation from Metro Transit Grants or Accounting staff.

Recognition

Audit would like to thank Metro Transit Grants and Accounting staff, as well as the PMs interviewed for their cooperation, collaboration, and prompt replies during this audit.

Non-Finding Observations

Documentation of project set-up and approval exists but was challenging to find.

There was some difficulty in finding documentation beginning at the set-up and approval stage. Specifically, some IGAs were challenging to locate and tie directly to a specific project. For these IGAs, Audit reached out to Metro Transit Grants staff, who were able to locate the IGAs promptly.

Various methods used for monitoring budgets and progress.

In interviews, most PMs stated they either receive budget reports from Metro Transit Grants staff or know where the reports are published on MetNet. A few PMs said, in addition to the budget report information provided by Metro Transit Grants staff, they have their own spreadsheets to help track their project budgets and progress. Only one PM said they were unaware of the budget reports Metro Transit Grants staff provide. However, this PM was able to show how they monitor their project budget. Additionally, the MPRs reviewed provided evidence that project progress was being monitored and reported to the FTA.

All expenses on invoices sampled were within the scope of the grant program.

The expenses on 33 sampled invoices were found to be within the scope of their respective grant program.

Metro Transit staff are closing out NOGAs and projects according to FTA requirements and documented controls.

Metro Transit Grants staff are closing NOGAs and their related formula-funded projects according to FTA requirements and Metro Transit Grants Management control documentation. This includes closing the NOGA, performing final budget reconciliations, deactivating account strings, and completing and submitting final FFRs and MPRs.

Conclusions

For the formula funded grant projects reviewed for this audit, Metro Transit staff are managing grants according to their respective FTA apportioned grant requirements and internal Metro Transit Grant Management control documents. Metro Transit Grants staff use controls that ensure projects follow proper channels to approval and set-up, that expenses were billed according to grant funding requirements, and that close-out activities are completed on grant projects according to internal and FTA requirements.



October 9, 2023
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Chief Audit Executive

Definitions

Federal Financial Report (FFR): A statement that provides a current, complete, and accurate financial picture of the award.

Internal Grant Application (IGA): An internal application for federal funds & local match for a project in the current calendar year's CIP or budget plan.

Milestone Progress Report (MPR): A report to highlight the progress towards a project's objectives and any potential problem areas.

Notice of Grant Award (NOGA): A control document of incoming funding that allows a Project Manager to view the current budget of record and select appropriate and accurate account strings.

Transit Application Management System (TrAMS): The FTA's platform to award and manage federal grants.

Distribution List

All audit reports are reported to the general public and are available on www.metrocouncil.org. This audit report was distributed to the following parties:

- Members of the Audit Committee
- Regional Administrator
- Metro Transit General Manager
- Metro Transit Finance Director
- Grants Manager



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