

JOB ACCESS REVERSE COMMUTE AND NEW FREEDOM SUBRECIPIENT MONITORING REPORT

PROGRAM EVALUATION AND AUDIT



June 2013

INTRODUCTION

Background

Job Access and Reverse Commute (JARC) and New Freedom are Federal Transit Administration (FTA) programs authorized in 2007 through the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The goal of the JARC program is to improve access to employment and employment related activities for welfare recipients and low-income individuals. The goal of the New Freedom program is to provide additional tools for Americans with disabilities trying to overcome barriers in their integration into the work force and their full participation in society. FTA provides financial assistance to implement transportation services that achieve these goals.

Metropolitan Transportation Services (MTS) has solicited proposals and administered these awards since 2007. Ten applicants, as well as MTS and Metro Transit, have received grant awards. Metro Transit is a direct recipient. There are also 12 subrecipients receiving funds through MTS:

1. Anoka County Job Training Center
2. Greater Twin Cities United Way
3. Scott and Carver Counties / SmartLink Transit
4. City of Minneapolis
5. SouthWest Transit
6. Emerge Community Development
7. City of Saint Paul
8. Human Services, Inc.
9. City of Prior Lake (City of Shakopee, Scott County)
10. Rise, Inc.
11. PRISM
12. Dakota County

The adoption in 2012 of the new transportation reauthorization legislation, Moving Ahead for Progress in the 21st Century (MAP-21) has moved JARC funding within the urban formula funding program (5307), which will be administered by Metro Transit within the Twin Cities Metropolitan Region. New Freedom is merged with Section 5310 (Elderly and Disabled Program Capital Assistance for Specialized Transit Vehicles), which will be administered by the Minnesota Department of Transportation (MnDOT). Funds awarded in the SAFETEA-LU law will be solicited by the Met Council including 2012 JARC funding and 2011/2012 New Freedom funding. MTS continues to administer grants awarded through the previous SAFETEA-LU legislation.

Purpose

This audit evaluates the process by which MTS ensured completion of the grant's tasks and activities.

Scope

The audit focuses on the processes used by MTS to verify compliance with the stated program goals within the respective grant award agreements since the initiation of the programs in 2007 until 2013. Other subrecipient monitoring processes within MTS had been reviewed during prior audit engagements and were not reviewed at this time.

Methodology

To understand the implementation and impact of subrecipient compliance monitoring processes and practices with regards to verifying achievement of grant work scope, the following methods of inquiry were used:

- Review MTS grants management procedures.
- Review subrecipient grant agreements.
- Review grant agreements with FTA.
- Interview Metropolitan Transportation Services staff.
- Review reports submitted by subrecipients.
- Review grant reports submitted by the Met Council to the FTA.

Assurances

This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the U. S. Government Accountability Office's *Government Auditing Standards*.

OBSERVATIONS

Performance Measures

The respective FTA circulars for JARC and New Freedom require that the designated recipient (Met Council) in its program management plan explain how it will collect and report data for program measurement. The Met Council's program management plan, "Job Access and Reverse Commute (JARC) and New Freedom Programs Management Plan," requires grant applicants to establish performance measures that will be used to measure the effectiveness of the proposed project.

The same documents also list the FTA's proposed performance measures for the programs. The proposed performance measures include:

1. Number of jobs accessed (JARC)
2. Number of rides provided (JARC)
3. Service enhancements that impact availability of transportation services (New Freedom)
4. Changes to environmental infrastructure that impact availability of transportation services (New Freedom)
5. Number of rides provided to individuals with disabilities (New Freedom)

A failure to report performance measures would not be in compliance with the conditions of the grant award. MTS and the subrecipients through their annual reporting to the FTA submitted performance measures information as required by the grants.

Performance measures submitted by the subrecipients were not verified by Council staff

Reports submitted to MTS and the FTA from the subrecipients reported on project performance measures. Performance measures submitted to the FTA in annual reports were complete and submitted by all subrecipients. The quarterly milestone progress reports typically included quantitative measures of people served and costs incurred. Four of the subrecipients' reported performance measures did not coincide with the proposed measures that had been submitted in their grant applications.

The "Job Access and Reverse Commute (JARC) and New Freedom Programs Management Plan" – a document prepared by Met Council staff – describes the roles and responsibilities of the Metropolitan Council and the subrecipients. Among of the responsibilities of the Metropolitan Council are:

"Establishing, collecting, reviewing, and verifying project performance measures for selected subrecipients".

In interviews with MTS staff, it was reported that monitoring of subrecipients' performance was comprised of reviewing progress reports and invoices. Site visits were made for some subrecipients, but were made at the initiation of the subgrant award and not made later to verify subrecipients' compliance or accuracy of reporting.

Programmatic Monitoring

The subrecipient grant agreements require subrecipients to submit quarterly milestone progress reports to the Met Council as part of the monitoring responsibility of the Met Council. Additionally the agreements require the subrecipients to meet with Met Council staff when requested and to allow Met Council staff to make site visits.

Met Council staff cannot reasonably provide assurance that the activities and tasks were performed if there is a failure to monitor activities funded by the grant.

Verification of attainment of activities and tasks were not performed

Progress reports submitted to MTS from the subrecipients reported on project activities. None or only some of the activities were monitored by MTS staff in seven subrecipients' projects. Many of the activities were monitored by MTS staff in four projects. In one project there was evidence that project managers monitored all activities, but that project had only advanced through the procurement solicitation phase.

The "Job Access and Reverse Commute (JARC) and New Freedom Programs Management Plan" states there is the following role to Met Council staff:

"Collecting, reviewing, verifying, and submitting project reimbursement requests versus submitted FTA grant applications".

In interviews with MTS staff, it was reported that monitoring of subrecipients' performance was limited to review of progress reports and invoices. Verification of the activities by such methods as site visits, observations, and use of supporting data sets reportedly were not performed by Met Council staff.

CONCLUSIONS

- 1. Verification of attainment of subrecipients' activities and tasks were not performed. Although periodic reports and invoices were reviewed by MTS project managers, various verification activities, such as site visits, observations, or use of other data sets, were not performed by MTS staff.*

RECOMMENDATIONS

Program Evaluation and Audit recommendations are categorized according to the level of risk they pose for the Council. The categories are:

- **Essential** – Steps must be taken to avoid the emergence of critical risks to the Council or to add great value to the Council and its programs. Essential recommendations are tracked through the Audit Database and status is reported twice annually to the Council’s Audit Committee.
- **Significant** – Adds value to programs or initiatives of the Council, but is not necessary to avoid major control risks or other critical risk exposures. Significant recommendations are also tracked with status reports to the Council’s Audit Committee.
- **Considerations** – Recommendation would be beneficial, but may be subject to being set aside in favor of higher priority activities for the Council, or may require collaboration with another program area or division. Considerations are not tracked or reported. Their implementation is solely at the hands of management.
- **Verbal Recommendation** – An issue was found that bears mentioning, but is not sufficient to constitute a control risk or other repercussions to warrant inclusion in the written report. Verbal recommendations are documented in the file, but are not tracked or reported regularly.

1. (Significant) Procedures or checklists for subrecipient monitoring should include periodic programmatic monitoring elements.

Monitoring subrecipient compliance with the terms of a subrecipient grant award may incorporate several different methods. Methods include review of invoices, periodic meeting with subrecipient staff, documented phone conversations, site visits, review of data, and observations. MTS when it revises its monitoring practices should ensure that project managers include monitoring methods to verify that subrecipients are accomplishing the activities and tasks of the grant.

Management Response: *Grants Management staff prepared subrecipient grant agreement checklists and made them available in October 2012 to assist in tracking the monitoring of all subrecipients. MTS staff began using the checklists to track receipt of required forms submitted by subrecipients, Milestone Report submission, and email correspondence. The checklist will also be used to track site visits.*

The Metropolitan Council has hired a consultant to develop a Grants Management application that will be used Council-wide for processing, management and monitoring of grants and subrecipient grant agreements.

MTS added a staff position, Transportation Grants Coordinator. The duties of this position include subrecipient and internal project manager training, monitoring subrecipient compliance, and site visits to verify that the grant activities are being performed as reported in the Milestone Reports and Annual Reports.

Staff Responsible: *Heather Johnson, Elaine Koutsoukos*

Timetable: *In October 2012, MTS staff began using the subrecipient checklists prepared by Grants Management staff to document the milestone reporting, forms submitted, and email correspondence.*

The Transportation Grants Coordinator began on April 15, 2013, and has begun planning for subrecipient and internal project manager training and has been involved with testing the grants management software. The Coordinator has also begun working with other Metropolitan Council staff to develop and recommend a grants policy that will serve as a guideline for procedures that will help internal staff monitor compliance and activities of subrecipients. The Coordinator will also begin site visits in June 2013 to verify activities are being performed by the subrecipients as reported.



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