

# FY21 Virtual Reviews - Findings and Observations

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# FY 21 Triennial and State Management Reviews

Region	Triennial	State Management Reviews	Region Total
TRO-01	11	2	<b>13</b>
TRO-02	10		<b>10</b>
TRO-03	20	2	<b>22</b>
TRO-04	47	5	<b>52</b>
TRO-05	39	1	<b>40</b>
TRO-06	26	2	<b>28</b>
TRO-07	12	2	<b>14</b>
TRO-08	8	3	<b>11</b>
TRO-09	31	4	<b>35</b>
TRO-10	12	1	<b>13</b>
<b>Review Total</b>	<b>216</b>	<b>22</b>	<b>238</b>

# Average Number of Findings

Region	TR			SMR			All Reviews		
	FY18	FY19	FY21	FY18	FY19	FY21	FY18	FY19	FY21
TRO-01	8.6	7.0	2.6	2.5	8.0	3.0	7.7	7.1	2.7
TRO-02	5.1	2.5	3.1	4.0	0	0	4.9	2.5	3.1
TRO-03	3.7	6.1	5.9	2.0	8.0	10.0	3.6	6.4	6.2
TRO-04	4.8	6.7	5.0	4.5	10.3	4.0	4.8	6.9	4.9
TRO-05	11.0	6.6	4.1	12.5	4.5	36.0	11.1	6.5	4.9
TRO-06	8.4	12.1	3.7	0.5	9.0	1.0	7.8	12.0	3.5
TRO-07	13.1	9.9	2.7	5.0	4.0	2.5	12.2	9.1	2.6
TRO-08	9.3	4.6	4.6	7.0	9.0	13.3	8.8	5.1	7.0
TRO-09	5.7	5.4	2.5	11.5	38.0	9.5	5.9	6.5	3.3
TRO-10	3.5	5.8	0.4	3.5	6.0	2.0	3.5	5.8	0.5
<b>Average Findings</b>	<b>6.9</b>	<b>7.0</b>	<b>3.8</b>	<b>5.5</b>	<b>9.7</b>	<b>7.7</b>	<b>6.8</b>	<b>7.2</b>	<b>4.1</b>

# Top Ten TR Findings

Finding	FY21	FY19
Procurement - Missing FTA clauses	X	X
Financial Capacity - Missing, insufficient, or out of date financial operating procedures	X	X
Procurement - Lacking required cost/price analysis	X	X
Procurement - Responsibility determination deficiencies	X	
Procurement - Incomplete written documentation of procurement history	X	
Technical Capacity - Incorrect FFR reporting	X	X
Procurement - Lacking independent cost estimate	X	X
Financial Capacity - ECHO documentation deficient	X	
Maintenance - Late vehicle/vessel preventive maintenance	X	
Disadvantaged Business Enterprise - DBE uniform reports contain inaccuracies and/or are missing required information	X	X
Title VI - Language Assistance Plan implementation deficiencies	X	X
ADA - Insufficient ADA complaint process		X
Disadvantaged Business Enterprise - Unreported transit vehicle purchases		X
ADA - Reasonable modification deficiency		X

# FY21 Top Ten Findings

Finding	TR	SMR
Procurement - Missing FTA clauses	X	X
Financial Capacity - Missing, insufficient, or out of date financial operating procedures	X	
Procurement - Lacking required cost/price analysis	X	X
Procurement - Responsibility determination deficiencies	X	
Procurement - Incomplete written documentation of procurement history	X	X
Technical Capacity - Incorrect FFR reporting	X	
Procurement - Lacking independent cost estimate	X	X
Financial Capacity - ECHO documentation deficient	X	
Maintenance - Late vehicle/vessel preventive maintenance	X	
Disadvantaged Business Enterprise - DBE uniform reports contain inaccuracies and/or are missing required information	X	X
Title VI - Language Assistance Plan implementation deficiencies	X	
Technical Capacity - Inactive award/untimely closeouts		X
Procurement - Insufficient oversight of subrecipient procurements		X
Technical Capacity - Annual Status reports missing or lacking required information		X
Technical Capacity - MPRs lack required information		X
Technical Capacity - FFATA reporting deficiencies		X
Disadvantaged Business Enterprise - DBE goal achievement analysis and corrective action plan not completed		X

# FY 21 Review Observations

## Observations

- Average number of FY21 Triennial Review findings **decreased by 42%**. Possible reasons include:
  - Some questions omitted from the Review due to on-site requirements
  - Increase in technical assistance
  - Virtual atmosphere allows for more flexibility

## Comments

- Regions and recipients – Positive feedback, especially with decrease in findings
- Contractors – Indicated an increased level of effort for virtual reviews



# COVID-19 Financial Spot Reviews – 10/28/21

Region	Spot Reviews	Scoping Complete	Review Notification Sent to Recipient	Recipient Documentation Received	*Preliminary Report Sent to Recipient	**Technical Assistance	Final Report Sent to Recipient	Review Closed
1	7	6	6	6	0	0	5	0
2	5	5	5	1	1	0	0	0
3	10	10	10	10	5	0	3	0
4	21	21	21	16	1	1	4	0
5	21	21	21	15	3	3	5	5
6	16	16	15	14	1	0	0	0
7	3	3	3	2	1	0	0	0
8	4	4	4	4	2	1	1	1
9	29	29	28	21	5	5	0	0
10	3	3	3	3	0	0	0	0
<b>Grand Total</b>	<b>119</b>	<b>118</b>	<b>116</b>	<b>92</b>	<b>19</b>	<b>10</b>	<b>18</b>	<b>6</b>

\*If no issues, the regional office has the discretion to finalize the report and close the review.

\*\*Technical assistance is provided at the request of the recipient if there are issues identified during the review.

# Spot Review Issues Identified

- **22** issues identified through spot reviews
  - Eligibility of expenses (**6**)
  - ECHO procedures (**13**)
  - Financial management (**1**)
  - Other (**2**)



# Spot Review Issues Identified

Recipient	State	Region	Issue Identified
NY State DOT	NY	2	<p><b>Issue 1:</b> In August 2021, as a result of this review, NYSDOT informed FTA that it had designated another person to be the ECHO Authorizing Official. That person approved the noted draws in January and February 2021. However, NYSDOT never officially change the authorizing official with FTA. As a result of this review, on September 17, 2021, NYSDOT submitted a request to FTA to change the Authorizing Official.</p> <p><b>Issue 2:</b> The signature on the ECHO form was the same day as the draw. However, not time was entered on the form so we could not confirm it was signed before or after the draw.</p> <p><b>Issue 3:</b> The backup documentation identified an issue with CARES overpayment. NYSDOT is working with Adirondack to recover CARES overpayments that were made due to a payroll accrual issue.</p>
West Virginia DOT	WV	3	<p>There were no issues in two of the three ECHOs reviewed. In the third ECHO draw, four subrecipients submitted reimbursement requests. One subrecipient charged an incorrect indirect cost rate and potentially mistreated an operating expense as a capital expense. These issues were addressed in the preliminary report.</p>
Ohio DOT	OH	5	<p><b>Issue 1:</b> ODOT did not provide sufficient oversight of the intercity bus award. ODOT never identified specific routes or miles, but allowed its subrecipient to distribute Intercity Bus funds anyway.</p> <p><b>Issue 2:</b> ODOT used an electronic signature process that is not secure or verifiable and is not included in its ECHO processing procedures.</p>

# Spot Review Issues Identified (Cont.)

Recipient	State	Region	Issue Identified
Montana DOT	MT	8	<p><b>Issue 1:</b> In two of nine ECHO drawdowns reviewed, the recipient charged indirect costs at the FHWA approved rate of 10.41%, however, costs were not applied to an appropriate base.</p> <p><b>Issue 2:</b> In one of nine ECHO drawdowns reviewed, the recipient charged an eligible operating expense of \$36,227 on October 6, 2020. Then, the same amount for the same invoice was incorrectly charged again on April 7, 2021 for the March monthly billing. MDT self-corrected this error without notifying FTA.</p> <p><b>Issue 3:</b> In two of nine ECHO drawdowns reviewed, the recipient charged both the 10% set aside for state administration as well as indirect costs of 10.41% to their FTA awards. States are not permitted to apply indirect costs to subrecipient awards, except up to the first \$25,000 of subawards if using a modified total direct cost base.</p>
Nevada DOT	NV	9	<p>NDOT did not ensure that unallowable costs were excluded from subrecipient reimbursements.</p> <p>In 1 of 3 subrecipient transactions for the 22-Jun-21 ECHO drawdowns reviewed, the subrecipient Elko County included and was reimbursed for an in-kind donation of \$1,000 for a facility rate and an in-kind donation of \$1,000 for a bus parking rate. In-kind donations are not an allowable cost.</p> <p>In 1 of 3 subrecipient transactions for the 5-Aug-20 ECHO drawdowns reviewed, the subrecipient Douglas Area Rural Transit included and was reimbursed for salary and wage expenses for 3 staff members based on a percent allocation, not direct hours.</p>
Arizona DOT	AZ	9	<p>ADOT did not ensure that subrecipients have established procedures to justify expenses that are included in the drawdown amount.</p> <p>In 2 of the 3 drawdowns, there were instances in which a subrecipient did not include the correct federal share and included less than 100% of eligible expenses in the ECHO drawdown. ADOT does not have a procedure for reviewing or questioning instances in which a subrecipient may request reimbursement less than the expected amount.</p>

# FY22 SMRs

Region	Recipient
TRO-01	Rhode Island Public Transit Authority*
	Vermont Agency Of Transportation
TRO-02	The New Jersey Transit Corporation*
	New York Department Of Transportation
TRO-04	Georgia Department Of Transportation*
	Georgia Department Of Human Services
TRO-05	Michigan Department Of Transportation
	Ohio Department Of Transportation
	Wisconsin Department Of Transportation

Region	Recipient
TRO-06	Louisiana Department of Transportation And Development
	New Mexico Department Of Transportation
TRO-07	Nebraska Department Of Transportation
TRO-08	Colorado Department Of Transportation
	Wyoming Department Of Transportation
TRO-10	Idaho Department Of Transportation
	Oregon Department Of Transportation

\* Combined TR/SMR



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