

20.505

FEDERAL TRANSIT TECHNICAL STUDIES GRANTS

State Project/Program: METROPOLITAN PLANNING PROGRAM/STATE PLANNING AND RESEARCH PROGRAM 49 U.S.C. 5303 AND 5304

U. S. Department of Transportation

Federal Authorization: Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) 49 U.S.C. 5303 and 5304

State Authorization:

**N. C. Department of Transportation
Public Transportation Division**

Agency Contact Person – Program

Miriam Perry, Director
Public Transportation Division
N. C. Department of Transportation
1550 Mail Service Center
Raleigh, NC 27699-1550
(919) 733-4713 Ext. 243
Fax (919) 733-1391
mperry@dot.state.nc.us

Address Confirmation Letters To:

W. Wayne Rogers, CPA, Manager
Single Audit Compliance Unit
N. C. Department of Transportation
1514 Mail Service Center
Raleigh, N.C. 27699-1514
(919) 733-3624 ext. 363
Fax (919) 715-2710
wrogers@dot.state.nc.us

The auditor should **not** consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor **can** consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

The Single Audit Compliance Unit of the External Audit Branch reviews all single audits, financial audits, and management letters of all “grantees”. We are looking at both the presentation (information as to program, pass-through and state funding, NCDOT identification numbers) and the dollar amounts presented versus our records. Any reports not received will be requested.

Grants must be properly identified by program name (Metropolitan Planning or State Planning and Research) and the WBS number on the Schedule of Expenditures of Federal and State Awards. This information is available from the agreement with NCDOT; program name is in the second/third paragraph while the WBS number is on the upper right hand corner of the first page. Grantor and/or pass-through grantor, program title and CFDA number (if appropriate) should also be included. Please do not combine like projects into one-dollar amount since we would need to call you for the breakdown; please report award amount, federal pass-through, state share and local share. On NCDOT’s confirmation from the Grant Master List (GML), these moneys are shown as part of CFDA number 20.505.

I. PROGRAM OBJECTIVES

The objective of the Sections 5303 and 5304 of the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU), is to plan for improvements in public mass transportation systems in urban areas under the Metropolitan Planning Program (Section 5303). States receive funds for distribution to Metropolitan Planning Organizations to develop long-range transportation plans and Transportation Improvement Programs (TIPs). Other technical studies may also be funded. The State Planning and Research Program was established to provide funds to state governments for planning technical study projects. Eligible use of Section 5303 funds can be found in Federal Transit Administration (FTA) Circular 8100.1B (dated 10-25-96) on page II-1, Eligible Grant Activities. The MPO must use the funds to assist in support of work elements and activities resulting in balanced and comprehensive transportation planning.

II. PROGRAM PROCEDURES

The NCDOT provides an annual MPO allocation table that specifies the maximum amount of federal funds that are available for the upcoming fiscal year. Each MPO submits a funding application to the NCDOT by the established deadline. NCDOT reviews the application, which consists of a Planning Work Program that identifies transportation planning tasks that will be completed during the grant period and the funding sources(s). The NCDOT compiles the subrecipient information into a single grant application to the Federal Transit Administration (FTA). FTA awards the grant to NCDOT. MPOs sign annual agreements with NCDOT. Annual executed grant agreements, approved project budgets, invoicing and progress reporting instructions and forms are provided to each MPO upon FTA grant award.

III. COMPLIANCE REQUIREMENTS

The federal granting agency has issued a compliance supplement that should be used in conjunction to this compliance supplement issued by the State Agency. Please refer to OMB Circular A-133 Compliance Supplement (Sect. A of the State Compliance supplement).

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to OMB A-133 Compliance Supplement, Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements. The OMB A-133 Compliance Supplement may be found at www.whitehouse.gov/omb/circulars.

A. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement - Funds must be expended as specified in the grant award letter and the grant agreement (standing agreement), which incorporates the grantee's application by reference, and the approved project budget.

C. CASH MANAGEMENT

The grant is funded on the reimbursement basis. Therefore, no testing is required at the local level.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching

Compliance Requirement – Federal and state participation cannot exceed the amount stated in the approved project budget.

Level of Effort – No testing required at the local level.

Earmarking – No testing required at the local level.

H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Compliance Requirement - The federal funds are available for the state fiscal year of the Unified Planning Work Program. All tasks must be completed within the period specified on the annual program budget that is provided following federal grant award. With approval of NCDOT, the period of performance may be extended an additional three months through September 30 for tasks that have been initiated, but not completed. Expenses incurred beyond September 30 are ineligible for reimbursement by the department.

Audit Objective - Determine if tasks were completed within fiscal year (7/1/07 through 6/30/08). If not, a letter from NCDOT approving an extension to the period of performance must be on file.

Suggested Audit Procedures

1. Examine progress reports and invoices to determine if tasks completed within fiscal year.
2. Review period of performance extension letter, if applicable, from NCDOT to determine if tasks were completed by June 30, unless written authorization was received from NCDOT extending the completion date to no later than September 30.

I. PROCUREMENT, SUSPENSION & DEBARMENT

Compliance Requirement – Expenditures for construction or repair work requiring the estimated expenditure equal to or more than five hundred thousand dollars (\$500,000); or a single class of supplies, materials, or equipment estimated in an amount equal to or more than ninety thousand dollars (\$90,000) must be contracted for only after a formal low bid process and approval by NCDOT. (G.S. 143-129). A bid tabulation and governing agency resolution recommending award is required for contract award to lowest responsible bidder.

No recipient is allowed to procure goods or services from a company, firm or organization that has been suspended or debarred by the State of North Carolina or Federal Government.

Audit Objective- Determine if procurements were made in compliance with the applicable regulations stated in agreement; and that the required certifications were obtained.

Suggested Audit Procedures

1. Check the contract between the subrecipient and the subcontractor to identify language which prohibits a subrecipient from procuring goods or services from a company, firm or organization that has been suspended or debarred by the State of North Carolina or Federal Government.
2. Ascertain if the required suspension and debarment certifications were received for covered contracts.

L. REPORTING

1. **Compliance Requirement** – The subrecipient shall submit requests for financial reimbursement within 30 days following the end of the quarter as specified in the annual agreement using the format prescribed by NCDOT. Instructions for invoicing NCDOT are provided with the executed agreement approved project budget following the FTA grant award.

Audit Objective - Determine whether or not participation exceeds the maximum federal and state funds.

Suggested Audit Procedures

1. Trace amounts reflected in quarterly requests for reimbursement to underlying accounting records.
 2. Verify that items requested for reimbursement were approved.
 3. Review total project costs and verify that no unallowed costs were reimbursed.
2. **Compliance Requirement** - Grantees must submit with its invoice DBE Report of Awards and Report of Payments documenting actual utilization (CFR Parts 23 and 26 and FTA Circular 4716.1A, and the U.S. DOT DBE Final Rule, Federal Register dated February 2, 1999 - Participation by Disadvantaged Business Enterprises in Department of Transportation Programs). The invoice template forms are located at ncdot.org/public_transportation/operations_and_planning/metropolitan_planning. Additional required reports include Project Progress Reports and reports of significant events (FTA Circular 5010.1C). Based on the level of FTA funding, exclusive of transit vehicle purchases, recipients are required to implement a DBE program. To monitor the progress of the DBE program, recipients are required to submit quarterly reports based on a record keeping system (49 CFR Section 23.49).

Audit Objective - Determine DBE reports are supported by adequate documentation.

Suggested Audit Procedure

1. Review grantee's DBE contract expenditures (as opposed to contract awards) as outlined in FTA Circular 4716.1A and 49 CFR Part 26.
2. Review the reports and trace the information to underlying data to determine completeness and accuracy.

3. Determine that for all participation amounts reported, the firms have been certified and that the certification is current. Participation by noncertified firms is not allowed.

M. SUBRECIPIENT MONITORING

The NC Department of Transportation does not pass this requirement down to the local level. No testing is required.