

**STATE MAINTENANCE ASSISTANCE FOR URBAN
AND SMALL URBAN PROGRAM (SMAP)**

**ELDERLY AND DISABLED TRANSPORTATION ASSISTANCE PROGRAM
(E&DTAP)**

RURAL GENERAL PUBLIC PROGRAM (RGP)

**WORK FIRST TRANSITIONAL/EMPLOYMENT TRANSPORTATION ASSISTANCE
PROGRAM**

RURAL OPERATING ASSISTANCE PROGRAM (ROAP)

State Authorization: N.C.G.S. Article 2B of Chapter 136 SMAP

N.C.G.S. 143B – 273 E&DTAP

N.C.G.S. 136 – 2B Rural General Public Program

Work First Transitional/Employment Transportation Assistance

**N. C. Department of Transportation
Public Transportation Division (PTD)**

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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 NCDOT Office of Inspector General (OIG) 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, (State Maintenance Assistance Program or SMAP) and (Rural Operating Assistance Program or ROAP), DOT number (“DOT-16CL”) and WBS number on the Schedule of Expenditures of Federal and State Awards. (Specifically,

financial assistance must be properly identified by program name and the WBS number noted on the warrant.) This Public Transportation program disburses funds on an annual basis and the WBS number and program name are in the comments section of the warrant. Grantor and/or pass-through grantor and program title 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 funds are shown as DOT number "DOT-16CL."

I. PROGRAM OBJECTIVES

Rural Operating Assistance Program (ROAP)

The Elderly and Disabled Transportation Assistance Program (EDTAP) provides operating assistance funds for the transportation of the state's elderly and disabled citizens. This transportation assistance allows these individuals to reside for a longer period in their homes, thereby enhancing their quality of life. Program funds may only be used to purchase additional trips and are not to be used to supplant existing funds used for client transportation.

The Employment Transportation Assistance Program is intended to provide operating assistance for employment transportation needs. The funds are intended to help DSS clients that transitioned off Work First or TANF in the last 12 months, Workforce Development Program participants and/or the general public to travel to work, employment training and/or employment related destinations.

The Rural General Public Program (RGP) operating funds are intended to provide transportation services to individuals who do NOT have a human service agency or organization that will pay for the transportation service and live in the non-urbanized area of the county. The county in consultation with the Community Transportation System must determine the RGP services to be provided with the RGP funds.

State Maintenance Assistance Program (SMAP)

The objective of the State Maintenance Assistance Program (SMAP) is to assist urban, regional and small urban areas in funding the nonfederal share of net operating costs associated with existing and new public transportation services operated by fixed route and demand-response urban, small urban and regional transit systems.

II. PROGRAM PROCEDURES

ROAP

The ROAP program is administered by the Public Transportation Division of NCDOT. Local recipients are County governments, or eligible transit authorities submitting grant applications and meeting program requirements. All one hundred North Carolina counties are eligible to receive a formula-based allocation for EDTAP and Work First/Employment funds. Those counties providing transportation services to the general public will receive an RGP allocation. The Eastern Band of Cherokee Indians is also eligible to receive an

RGP allocation. Funds are disbursed only to the county's finance officer or to the local transit authority created pursuant to Article 25 or Article 26 of Chapter 160A of the General Statutes (through a Memorandum of Understanding). A transportation authority must have an agreement with each county detailing the requirements of the ROAP program before funds are disbursed to them. The county can request an amount less than the total allocation for each of the three programs. The county finance officer will be responsible for program administration at the local level. As the recipient of the funds, the county or eligible transit authority is responsible for monitoring the use of funds passed through to local agencies. The funds can be passed through from the county to the local transportation system for administration. Since FY2000, the program funds were disbursed under a consolidated application package called the Rural Operating Assistance Program (ROAP). However, program requirements did not change.

Counties and eligible designated public transportation providers may transfer Employment Transportation Assistance funds, all or in part, to the EDTAP and/or RGP programs provided such funds are not needed to provide employment trips or eligible other services. The applicant attests via the Certified Statement that an assessment of employment transportation needs has occurred prior to any transfer of funds. Employment Transportation Assistance funds that are transferred assume the requirements of the program to which they are transferred. The County Finance Director/Officer or the Authorized Official can determine after December 31st there are unexpended EMPL funds no longer needed and unable to be expended prior to the end of the year for employment needs. These funds may be transferred to the Community Transportation System. The Community Transportation System decides whether these funds will be transferred to EDTAP or RGP or used for employment transportation based on predicted service demands. The Annual ROAP Report includes a Local Transfer of Funds form to document the transfer of Employment Transportation Assistance funds to EDTAP or RGP within the County or designated public transportation provider. authority.

For regional transportation systems, only, ROAP funds may be transferred between and/or among member Counties. EDTAP and RGP funds must remain within the same program if such funds are transferred between and/or among Counties. EMP funds may be transferred either to the same program or to EDTAP or RGP. The FY08 state appropriations bill (Section 21.18 of Senate Bill 1741) gave the Public Transportation Division (PTD) the ability to consolidate its rural funding programs for vehicles, technology and facilities into one large capital program. PTD had the flexibility to transfer funding from the consolidated capital program to the operating programs, based on the ability to obligate additional Section 5311 funds to meet the capital needs of rural transportation systems.

SMAP

The SMAP program is administered by the Public Transportation Division of NCDOT. Recipients are urban and small urban areas, as defined by the U.S. Census Bureau and regional transit systems that operate fixed route and demand-response transit systems. Funds are allocated annually based on a formula approved by the North Carolina Board of Transportation. Funds may be used for operating related items eligible for funding as part of the Federal Transit Administration's Section 5307 program:

1. Eligible uses of the funds are limited to a system's operating costs only.
2. Operating expenses means operating expenses as defined in Federal Fiscal Year 1997 for Section 5307 program.
3. Preventive maintenance and ADA (American with Disabilities Act) complementary paratransit service costs, which are now defined for federal grants as capital eligible expenses, are still considered operating expenses for the SMAP funds.
4. The allocation cannot be used to match federal capital funds or as local match for other state funds.
5. SMAP funds cannot exceed the amount of local funds (excluding farebox and other operating revenues)
6. The allocation must be expended in the state fiscal year of allocation (period ending June 30).

Requests for funds must describe how the annual allocation will be spent and the anticipated amount to be spent. A certified statement signed by the mayor or commissioner of the urban or small urban area and a letter signed by the city or county manager indicating a proposal of how the funds are to be expended and; indicating if the previous year's allocation was spent by the deadline and the amount of any unspent funds must be submitted prior to the Department disbursing the allocated funds. For transit authorities, the authority chairman signs the certified statement and letter. A system SMAP Eligibility Calculations form and an Actual Revenues and Expenditures form for the previous fiscal year, signed by the financial officer, are required to be submitted as well.

Availability of Program Information

Additional program information is provided in the [SMAP Program Guidance and ROAP Program Administration Guide](#).

III. COMPLIANCE REQUIREMENTS

1. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement – ROAP and SMAP funds must be provided for services as described in the grant application and administered in the manner identified in each annual program overview guide. Services must be provided to eligible project costs in accordance with the criteria outlined in each Program Guidance Overview. Expenditures related to planning and capital activities are not allowed for SMAP and ROAP.

ROAP

Eligible Transportation Expenses for ROAP projects are in Appendix A for examples of allowable trip purposes that can be provided under these programs. A County that

uses any ROAP funds for an ineligible activity will have an interest penalty of 5% of the annual disbursement assessed to them. In addition, Community Transportation systems that use ROAP funds to provide trip services must also comply with the regulations of the FTA Section 5311 Program. ROAP funds should not be used to fund administrative and capital needs. ROAP funds cannot be used for “other services” such as fuel assistance (gas vouchers, gas cards, reimbursement to fuel provider), vehicle repairs or vehicle insurance premiums. The fully allocated cost to provide a trip, which has traditionally been eligible for the EDTAP, EMPL and RGP programs will continue to be eligible as an expense chargeable to ROAP.

Appendix A – Eligible Transportation Expense Matrix

Services must be provided to a person that meets the eligibility criteria.

Trip Based Services - Trips may be provided by car/vanpool, taxi, public transit vehicle, private transit vehicle, agency vehicle, or mileage reimbursement to a volunteer. The most cost-effective option should be chosen. Public /Private transportation providers shall be reimbursed based on the fully allocated cost per mile, per hour, or per passenger trip. Volunteers can be reimbursed for mileage only. If a human service agency uses an agency vehicle to provide the trip, the agency must include the fully allocated cost of a trip in their reimbursement request including fuel, staff time and benefits, depreciation, vehicle insurance and licensing.

Trip Purpose	EDTAP	EMPL	RGP
Personal care, non-emergency medical appointments, pharmacy pickup, shopping, bill paying, public hearings, committee meetings, classes, banking, etc.	Yes	No	Yes
Job interviews, job fair attendance, job readiness activities or training, GED classes	Yes	Yes	Yes
Transportation to Workplace (trip must be scheduled by the individual passenger)	Yes	Yes	Yes
Child(ren) of Working Parent transported to Child Care	No	Yes	Yes
Group field trips/tours to community special events	Yes	No	*
Overnight trips to out-of-county destinations	Yes	No	*
Human Service Agency appointments	Yes	No	Yes
Purchase of service	No	No	No
Human Service Agency purchase of passes, tickets or tokens from the Community Transportation System for the agency’s program needs or their client’s needs.	No	No	No

* Must be provided under the provisions of the federal Charter regulations which can be viewed at <https://www.transit.dot.gov/regulations-and-guidance/access/charter-bus-service/charter-bus-service>

SMAP

The intention of the SMAP program is to provide operating assistance to urban, small-urban, and urban regional fixed route and commuter bus systems with low overhead and paperwork. Eligible uses of the funds are limited to a system's operating costs. Operating expenses are defined in the FTA [C 9030.1E](#) circular for the Federal Section 5307 program. Preventive maintenance and ADA service costs are now defined for federal grants as capital eligible expenses are still considered operating expenses for the State Maintenance Assistance Program (SMAP) funds. **Note:** SMAP funds cannot be used as a local match to other State funded programs, such as the urban technology program grants or the Transportation Demand Management program. The funds support statewide mobility interests including cross jurisdictional travel.

Audit Objective - Determine whether State funds were expended only for allowable activities.

Suggested Audit Procedure – Determine if expenditures for both funding programs were incurred and reimbursed in accordance with the criteria in each Program Guidance Overview. Test expenditures and related records for compliance with the program requirements.

2. ALLOWABLE COSTS/COST PRINCIPLES

Compliance Requirement – Departments, agencies and/or organizations using ROAP and SMAP funds to provide services shall determine a billing/reimbursement rate by mile, hour or trip which is based on the fully allocated cost of the service. The fully allocated cost of providing a trip should include both direct costs and shared (indirect) costs. The ITRE Rate Setting Model or other fully allocated cost model approved by the PTD are acceptable.

Audit Objective – Determine whether recipients are using a fully allocated cost model to calculate trip expenditures reported in the financial reports.

Suggested Audit Procedure – Review the cost model to ensure cost inputs are reasonably accurate and up to date. Verify the cost model is being used to determine expenditures reported in the financial report.

3. CASH MANAGEMENT

Compliance Requirement – Disbursements are made according to the program overview guidance for each funding program. All unexpended ROAP funds must be reported to PTD using the Annual Reporting form. The total amount of unspent funds at the end of the period of performance will be deducted from the recipient's

disbursement in the following year's allocation. All unexpended SMAP funds must be indicated in a Cover Letter from the Authorized Official. The unexpended amount will be deducted from the next year's allocation.

Audit Objective – Determine if unexpended funds were accurately reported and deducted from the following year's allocation.

Suggested Audit Procedure – Review reporting forms/Cover Letter and reconcile reported amounts to source documents to confirm that unspent are accurately reported.

4. CONFLICT OF INTEREST

G.S. 14-234 includes a general prohibition against any public official having a personal interest in any contract to which he/she is a party in his/her official capacity. Any other statute or agency policy that applies should be tested as part of this compliance requirement.

5. ELIGIBILITY

Compliance Requirement – The ROAP funds must be used for the rural population group or trip purpose as specified in the program guide overview for employment related activities, rural general public and medical transportation. SMAP funds must be used to provide operating assistance to urban, small-urban, and urban regional fixed route and commuter bus systems with low overhead and paperwork.

Audit Objective – Determine if ROAP and SMAP funds were expended for the intended population group or trip purpose.

Suggested Audit Procedure – Review program eligibility certifications, passenger records, trip data, accounting records, and other related documents to determine compliance with eligibility requirements.

6. EQUIPMENT AND REAL PROPERTY MANAGEMENT

No testing is required at local the level. Equipment and real property purchases/management are not eligible for reimbursement for ROAP or SMAP.

7. MATCHING, LEVEL OF EFFORT, EARMARKING

1. Matching (ROAP)

Compliance Requirement – A local match is NOT required for EDTAP and EMPL funds; funding may be used to provide up to one hundred percent (100%) of the fully allocated cost to provide a trip.

A local match is required for RGP funds; funding may be used to provide up to ninety percent (90%) of the fully allocated cost to provide a general public trip. A minimum of ten percent (10%) must be provided from fares, local funds or a combination of the two. Fares and/or local funds collected in excess of the minimum 10% RGP local match requirement must be used to provide additional service. The excess funds cannot be used to fund administrative and capital needs. PTD encourages Community Transportation Systems to keep fares reasonable to

encourage ridership. The 10% local match requirement is based on the actual cost of providing RGP funded trips or other services, not the amount disbursed by PTD.

Matching (SMAP)

Compliance Requirement - The amount of SMAP funds used by the transit system cannot exceed the amount of local assistance. Eligible uses of the funds are limited to a Systems Operating costs only. Auditor should verify amounts received by ROAP/SMAP recipients do not exceed the amounts provided in the formula allocation prepared by NCDOT.

Audit Objective – Determine if the disbursement amounts from PTD and the minimum amount or percentage of local share contributions provided was adequate for each funding program.

Suggested Audit Procedure – Review financial records to verify that the following:

1. Reported matching contributions were from an allowable source, used for allowable service activities and as described in the approved application.
2. Reported federal, state, and local share amounts were accurate
2. Level of Effort

ROAP - Funds cannot be used to supplant existing transportation funding for elderly and persons with disabilities.

SMAP - No testing is required at the local level.

3. Earmarking

No testing required at local level for ROAP or SMAP.

8. PERIOD OF PERFORMANCE

Compliance Requirement – ROAP and SMAP funds are available for use during the State Fiscal Year, July 1st through June 30th. Program expenditures should only include allowable costs incurred during the State Fiscal Year.

Audit Objective – Determine if the allocation was expended within the appropriate time period.

Suggested Audit Procedure – Verify the allocation and interest were expended within the State Fiscal year by reviewing trip and financial records.

9. PROCUREMENT AND SUSPENSION AND DEBARMENT

Procurement

Compliance Requirement – Procurements for contractual services shall be conducted in accordance with North Carolina General Statute 143, Article 8. North Carolina General Statute 143-129 contains the key competitive bidding requirements. Prior to entering into a contractual agreement for services, the grantee must obtain approval from NCDOT. Procurements for goods are not allowed for ROAP or SMAP.

Audit Objective – Determine whether procurements for contractual services were conducted in accordance with North Carolina General Statute 143, Article 8.

Suggested Audit Procedure – Examine procurements and verify the grantee adhered to the competitive bidding requirement outlined in the North Carolina General Statutes, obtained written approval from NCDOT, and did not procure goods with State funds.

Debarment

Compliance Requirement – Grantees are prohibited from awarding contracts or grant agreements to entities debarred by any government agency, Federal or State. The entity's agents or contractors shall not be debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions by any Federal or State department or agency.

Audit Objective – Determine that grantees have not entered into contracts or grant agreements with entities that are debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions by any Federal or State department or agency.

Suggested Audit Procedure – Examine procurements and subawards and ascertain that entities were not debarred by any government agency, federal or state by:

1. Reviewing the NC Debarred Vendor List provided by the NC Department of Administration; and
2. Performing a SAM registration search to verify that each entity has a valid DUNS number and was not debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in Federal transactions.

10. PROGRAM INCOME - This requirement is not applicable at the local level for ROAP or SMAP.

11. RESERVED

12. REPORTING

Financial Reporting (ROAP)

Compliance Requirement – Four (4) milestone ROAP Reports will be required per grant cycle on the following schedule:

- October 31st
- January 31st
- April 30th
- August 31st *(annual report)

The County Finance Officer must certify and sign the 4th quarter milestone ROAP report as it is the annual report and it identifies the amount of unexpended funds to be deducted from the following fiscal year's disbursement. Close monitoring by the County Finance Officer or the authority's Executive Director is required in order to ensure appropriate and maximum utilization of all program funds. The County will be required to report trip and expense data associated with the EDTAP, EMPL, and RGP separately. The county may find it useful for agencies that have been sub-allocated ROAP funds to provide monthly reports of the expenditure of funds and number of trips provided. The quarterly milestone ROAP report form can be found in the application packet. Completed reports will be returned to PTD or its designee using the Drop Box in PTD's web-enabled grant system, Partner Connect. ROAP funds will NOT be disbursed if the quarterly milestone ROAP report from the previous quarter has not been received on the due date. ½ of 1 percent per business day shall be deducted from the following quarter's disbursement beginning on the day after the due date until the date the quarterly milestone report is received.

There are no financial reporting requirements for SMAP recipients.

Audit Objective – Determine whether the ROAP financial reports include all activities during the reporting period, are supported by applicable financial/trip records and are presented in accordance with program requirements.

Suggested Audit Procedures – Perform appropriate analytical procedures and ascertain the reason for any unexpected differences. Comparing current period reports to prior period reports. Comparing information obtained during the audit of the financial statements to the reports. Trace the number of trips and expenditures reported to source documentation including the accounting records, supporting worksheets, and automated transportation scheduling software documentation to determine whether all trips and expenditures during the reporting period were accurately reported. Ensure a

certification is included and signed by the appropriate level of management that attests to the accuracy of the reports.

Special Reporting (SMAP)

Compliance Requirement - The Annual Operating Statistics Report must be submitted for SMAP program funding. The deadline for the Operating Statistics Report is determined annually by NCDOT and communicated via e-mail to transit system directors/managers.

Audit Objective - Determine whether the Annual Operating Statistics Report includes all activity of the reporting period, are supported by applicable financial/trip records, and are fairly presented in accordance with program requirements as it relates to SMAP funded activities.

Suggested Audit Procedures - Perform appropriate analytical procedures and ascertain the reason for any unexpected differences. Comparing current period reports to prior period reports. Comparing information obtained during the audit of the financial statements to the reports. Trace SMAP data reported in the Operating Statistics Report to relevant source documents and/or supporting worksheets to determine whether all activity during the reporting is accurately reported. Ensure a certification is included and signed by the appropriate level of management that attests to the accuracy of the reports.

13. SUBRECIPIENT MONITORING

Compliance Requirement – (ROAP) The County Finance Officer is responsible for program administration, monitoring the use of the funds sub-allocated to the local transportation system and agencies, ensure funds are used in accordance with program. **(SMAP)** The initial budget detailing how the SMAP funds will be utilized will be signed by the Finance Officer, scanned and submitted with the Certified Letter and Cover letter in the EBS Drop Box. The Final Budget detailing where the SMAP funds were spent will be completed, signed by the Finance Director at the end of the performance period and submitted into the EBS Drop Box no later than one month after the close of the performance period.

Audit Objective – Determine activities used by the Finance Officer to monitor use of the program funds is adequate.

Suggested Audit Procedures

1. Review any written procedures for periodic reporting of the use of the funds by agencies receiving the sub-allocation. Review written procedures to ensure periodic reporting periods for ROAP recipients are identified and adhered to.

2. Ascertain that efforts were made by the Finance Director/Officer to reallocate funds that have been sub-allocated to agencies, but not expended in a timely manner.
 3. Determine if funds sub-allocated to non-governmental entities were appropriately reported by the PTD subrecipient entirely to NCDOT. North Carolina General Statute 143C-6-23 "Use of State Funds by Non-State Entities," and North Carolina Administrative Code Chapter 9, Subchapter 03M "Uniform Administration of State Grants" addresses reporting requirements for non-governmental entities. Non-profit subrecipients are required to submit NC Grants reporting forms to PTD annually.
14. SPECIAL TESTS AND PROVISIONS - No further testing is required.