



South Carolina Department of Transportation



OFFICE OF PUBLIC TRANSIT

**2019 – 2020 COMPLIANCE & OVERSIGHT REVIEW
FINAL REPORT
COVERING SFY 2016-2017, 2017-2018, 2018-2019**

**CENTRAL MIDLANDS REGIONAL TRANSPORTATION AUTHORITY
dba
The COMET**

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**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION
OFFICE OF PUBLIC TRANSIT**

955 Park Street, Room 201
Columbia, SC 29202-0191
(803) 737- 0831 phone
(803) 737-0145 fax

Director: **Johnny Mmanu-ike**
mmanuik@scdot.org
(803) 737- 0996

Program & Oversight Manager: **Jeanine S. McCall, CPA**
mcalljs@scdot.org
(803) 737-0294

Regional Program Manager: **David Burgess**
burgessda@scdot.org
(803) 737- 0625

Asset Manager: **Bill Grooms**
groomswl@scdot.org
(803) 737-2146

Financial Analyst: **James L. Conyers**
conyersjl@scdot.org
(803) 737-1387

Review Dates: **January 7, 2020**
Preliminary Findings: **February 18, 2020**
Final Report: **May 19, 2020**

CENTRAL MIDLANDS REGIONAL TRANSPORTATION AUTHORITY
dba The COMET
3613 Lucius Road
Columbia, South Carolina 29202

SUB-RECIPIENT PARTICIPANTS

Executive Director:

John Andoh
jandoh@thecometsc.gov
(803) 255-7087

**Director of Regulatory Compliance
and Civil Rights Officer:**

Arlene Price
aprice@thecometsc.gov
(803) 255-7129

**Grants and Regional Coordination
Manager:**

Michelle Ransom
mransom@thecometsc.gov
(803) 255-7134

**Director of Administration & Ops
/HR Administrator, COO:**

LeRoy Deschamp
leroy.deschamps@catchthecomet.org
(803) 255-7081

Transit Operations Specialist:

Missy Lawlor
missy.lawlor@catchthecomet.org
(803) 255-7132

**Marketing & Public Information
Manager:**

Pamela Bynoe-Reed
(803) 255-7139

Director of Finance:

Rosalyn Andrews
randrews@thecometsc.gov
(803) 255-7135

Accountant:

Crystal Willis
cwillis@thecometsc.gov
(803) 255-7131

CONTRACTOR

**General Manager - Interim
Operations Manager
Maintenance Manager:**

Lawrence Gabaldon, (803) 255-7082 x117
Jackie Bowers, (803)360-7573 x113
Frank Mikos, (803) 255-7094 x132

Responses Due to OPT:

March 4, 2020

SCDOT OFFICE OF PUBLIC TRANSIT BACKGROUND

The South Carolina Act 206, signed into law on June 15, 2010, reconstituted the South Carolina Department of Transportation (SCDOT) Division of Mass Transit (DMT), into the SCDOT Division of Intermodal and Freight Programs and further established the Office of Public Transit within the division. The division had administratively changed its name to SCDOT Division of Intermodal Planning. Nevertheless, the Office of Public Transit, hereto referred to as “OPT”, administers the State Mass Transit Funds Program (SMTF) and Federal Transit Administration (FTA) programs.

OPT Administered Funds

OPT administered FTA program funds for this review consist of §5311 Formula Grants for Rural Area, §5311(b) (3) Rural Transit Assistance Program, and §5339 Bus and Bus Facilities Formula Program. §5310 Subrecipients must use funds to provide transportation for the special needs of older adults and people with disabilities. §5311 subrecipients must use funds to enhance access to public transportation to people in non-urbanized areas, to assist with maintenance and improvement and use of public transportation systems in rural and small urban areas. §5311(b)(3) subrecipients must use funds to provide professional development by addressing training, technical assistance, and peer-to-peer needs of the rural and small urban transportation community. §5339 subrecipients must use funds to invest in capital equipment and facilities to improve public transportation services and ensure continuous upgrades to meet current needs. Subrecipients must maintain sufficient local funding resources to ensure continued operation and maintenance of the overall transit system. OPT provides State Mass Transit Funds to assist with the local portion; the use of SMTF funds must comply with State Management Plan requirements. (SMP Chapter 2)

OPT Review Process

OPT performed a review of subrecipient compliance with OPT State Management Plan and program agreement requirements. OPT provided the subrecipient with a Preliminary Finding document which afforded the subrecipient an opportunity to provide written responses. A finding is a violation of a federal, state, contractual requirement or agency procedure for which OPT provides corrective action. Technical assistance recommendation is an advisory comment suggesting a best practice. This final report is based on review and analysis of documentation, discussions with responsible staff, and observations made during the review process. The final report incorporates OPT preliminary findings, subrecipients responses, and indicates the status of findings and technical assistance guidance. Active findings in this report will remain open until adequately resolved to OPT satisfaction, at which time, OPT will provide written communication closing the finding.

OPT CONTRACTS UNDER THIS REVIEW PERIOD

The sub-recipient received the following OPT administered program funding that was eligible for this Compliance and Oversight Review.

Section 5311 Rural & Small Urban Areas Contracts
PT- 7M411-29, PT-84M11-53, PT-9M411-39

Section 5311(b)(3) Rural Transit Assistance Program (RTAP) Contracts
18R004-01, 18R0M4-02

Section 5339 Bus & Bus Facilities Contracts
PT- 8M439-26 (FAC)

State MassPT-9M439-E2 Transit Funds (SMTF) Contracts
PT- 7M499-53, PT-8M499-65, PT-9M499-32, PT-9M499-D8 (VR) ,

SUB-RECIPIENT PROVIDED DESCRIPTION

Central Midlands Regional Transit Authority, hereto referred to as CMRTA, is an independent transit authority established under the laws of the State of South Carolina. Prior to October 2002 transportation services were provided by the South Carolina Electric and Gas Company (SCANA). At that time, CMRTA assumed responsibility for operations and transit assets vehicles. CMRTA serves the Lexington and Richland counties covering 1225 square miles with a population of approximately 649,157.

The governing board membership consist of representatives from Richland County, Lexington County, City of Columbia, City of Forest Acres, Town of Eastover, City of West Columbia, City of Cayce, Town of Springdale, Lexington County Legislative Delegation and Richland County Legislative Delegation. The board meets every 4th Wednesday at 12 noon.

CMRTA dba The Comet provides transportation services from its facilities at 3613 Lucius Road in Columbia, SC. Administration has 12 employees, none are paid with OPT administered funds. The agency is both a direct recipient of FTA urban programs and a subrecipient of OPT administered rural program funds. CMRTA also receives Richland County Penny Sales Tax funds, Lexington County General Funds, and uses fare-box and advertising revenue to offset gross operating expenses. CMRTA provides Fixed Route and Paratransit transportation services through a management contract for operations and maintenance services. At the time of this review was in year 4 of a 5-year contract with 5 – 1-year renewal options. The contractor subcontracts paratransit services to a DBE firm and uses Enterprise, Bewegen, Uber and Lift services. Services includes 34 fixed routes, 4 flex (ADA) routes, 10 bike-share stations, ADA paratransit service, demand response using transportation network companies and a van-pool program.

Hours of operations are 4:45 am to 11:30 pm Monday – Thursday, 4:45 am – 12 am on Friday and 5am – 12 am on Saturdays and 5am – 11:30 pm on Sundays. Fares are \$2 one-way, \$4 all-day pass, \$14 7-day pass, \$40 31-day pass with and an additional \$2 for route deviation and free transfers. Rates for commuter express fares are \$4 one way, \$6 all-day pass, \$28 7-day pass, \$80 31-day pass with free transfers.

CMRTA provides transportation services using a fleet of 81 vehicles that includes 2 vans and 39 buses and 40 cutaways; 64 vehicles needed for peak hours and 17 spare vehicles. Agency has 1 non-revenue vehicle used as a mobile command center, 8 support vehicles and 3 administrative vehicles.

The authority uses Sage ERP 100 accounting software with A/P, A/R, General Ledger, Purchase Order, Inventory, Sales Orders, and Fixed Assets modules.

LEGAL

PURPOSE OF THIS REVIEW AREA

Subrecipients must promptly notify the Office of Public Transit (OPT) of legal matters to include any instances relating to false claims under the False Claims Act or fraud. Subrecipient must comply with restrictions on lobbying requirements.

Finding L-1: Lobbying Activities

Corrective Action L-1: Submit written process or update process that prohibits use of OPT federal funds to pay lobbying activities. OPT defers to FTA cognizant agency.

Subrecipient Response L-1:

Status: This finding remains open. CMRTA must submit documentation to comply with corrective action.

Technical Assistance L-1: Used federal funds to pay lobbying activities

Transdev operational contract activities includes a line item for a Lobbyist that the hourly rate is based on. During the review, CMRTA asserted that it did not pay for lobby activities. The Executive Director stated the DOR (South Carolina Department of Revenue) claim also identified lobbying activities as ineligible expenses under the penny tax fund.

Technical Assistance Guidance L-1: OPT defers to FTA cognizant agency.

Subrecipient Response L-1: TA. CMRTA deducted the lobbying costs from Transdev based on the Attachment L2-1 Letter to Lobbyist. No Federal funds were paid to support Transdev's lobbying efforts. Withheld funds were reinvested in other services.

Status: This technical assistance is closed.

TECHNICAL CAPACITY – AWARD MANAGEMENT

PURPOSE OF THIS REVIEW AREA

Subrecipients must report progress of projects to OPT in a timely manner.

Finding AM1-1: Late or missing activity reports

OPT State Management Plan requires monthly submission of activity reports with submission of Form 600 Request for Reimbursement.

Corrective Action AM1-1: Submit written procedures that requires monthly submission of activity reports to OPT by OPT deadlines.

Subrecipient Response AM1-1: Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3 updated to address this corrective action. Submitted F4-1 revised instructions and summary

of instruction. Going forward, The SMRTA will ensure that fares are subtracted in the Form 600 and will ensure that this form is submitted monthly by the end of each month.

Status: This finding is closed.

Finding AM2-1: Late or missing Section 5311 Form 600 Request for Reimbursements.

OPT State Management Plan requires monthly submission of Form 600 Request for Reimbursement by the required deadline.

Corrective Action AM2-1:

1. Submit written procedures that requires monthly submission of Form 600 requests by OPT deadlines.
2. Submit written procedures to ensure timely submission of the final invoice by the OPT deadline.

Subrecipient Response AM2-1: Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3 updated to address this corrective action. Submitted F4-1 revised instructions and summary of instruction. Going forward, The COMET will ensure that fares are subtracted in the Form 600 and will ensure that this form is submitted monthly by the end of each month.

Status: Note: if subrecipient are unable to meet the 15th of the month submission they must annually obtain approval from the Regional Program Manager to submit otherwise. This finding is closed.

Finding AM3-1:

OPT State Management Plan requires subrecipient to maintain grant files that includes documents from the announcement through the OPT grant closeout.

Corrective Action AM3-1: Submit written procedures that identifies documents to be maintained in the OPT program grant files.

Subrecipient Response AM3-1: Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, E. Post Award Procedures, item 3 updated to address this corrective action.

Status: This finding is closed.

TECHNICAL CAPACITY– PROGRAM MANAGEMENT & SUBRECIPIENT OVERSIGHT

PURPOSE OF THIS REVIEW AREA

Subrecipients must follow the public involvement process for transportation plans; develop and submit policies and procedures for OPT administered program funding to OPT for review and approval; submit Form 600 Request for Reimbursement supporting documents and monthly activity reports in the VTE reporting system; and ensure subrecipient complies with program agreement requirements.

Finding PM1-1: Program Management Plans missing/out of date

Subrecipients are required to maintain written policies and procedures to comply with OPT State Management Plan requirements for eligible OPT administered programs.

Corrective Action PM1-1: Submit a written program plans reflecting current requirements that includes provisions for monthly invoicing and activity reports for section 5311(b)(3) RTAP program, Section 5339 Bus & Bus Facilities program, and SMTF.

Subrecipient Response PM1-1: Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3 updated to address this corrective action.

Status: This finding is closed.

TECHNICAL CAPACITY – PROJECT MANAGEMENT

PURPOSE OF THIS REVIEW AREA

Subrecipients must be able to implement OPT-funded projects in accordance with the program agreement, OPT State Management Plan Requirements, and all applicable laws and regulations using sound management practices. Subrecipients must prepare force account plans, as applicable.

No findings.

PROCUREMENT

PURPOSE OF THIS REVIEW AREA

Subrecipients must use their own documented procurement procedures that must reflect applicable State Management Plan procurement requirement that conforms to applicable State and Federal requirements.

No findings. OPT defers to FTA cognizant agency.

SCHOOL BUS

PURPOSE OF THIS REVIEW AREA

Subrecipients are prohibited from providing school bus service in competition with private school bus operators unless the service qualifies under an allowable exemption. OPT federally funded equipment or facilities cannot be used to provide exclusive school bus service.

No findings. OPT defers to FTA cognizant agency.

CHARTER BUS

PURPOSE OF THIS REVIEW AREA

Subrecipients are prohibited from using OPT federally funded equipment and facilities to provide charter service if a registered private charter operator expresses interest in providing the service. Subrecipients are allowed to operate community-based charter services pursuant to certain regulatory exceptions.

No findings. OPT defers to FTA cognizant agency.

TRANSIT ASSET MANAGEMENT

PURPOSE OF THIS REVIEW AREA

Subrecipients must comply with Transit Asset Management Plan Tier II Group Plan to ensure public transportation providers assist in the development, implementation, and updating requirements.

No findings. OPT defers to FTA cognizant agency.

Technical Assistance TAM1-1: TAM Plan

OPT performed a courtesy review of the sub-recipient's TAM Plan for vehicles and facilities. Facilities inspection consisted of 9 components using FTA's TERM Scale "Transit Economic Requirements Model". All major components graded at a 4 median value with an overall 4 median score for the entire facility.

TA Guidance TAM1-1:

1. CMRTA should consider attaching the Accountable Executive's job description to the TAM Plan
2. CMRTA should consider for vehicles:
 - Identifying targets for each asset class for a 5-year period.
 - Completing the condition assessments for each asset in each class that meets FTA's threshold
 - Identifying the methodology used to determine the asset condition
3. CMRTA should consider facilities
 - Verify your methodology used to determine the TERM scale ranking
 - Produce documentation, i.e. pictures, narratives, consultants used in making facility condition assessments

Subrecipient Response TAM1-1: CMRTA appreciates the technical guidance provided by OPT regarding TAM Plan preparation.

1. CMRTA prepared the Tier II TAM Plan defined by FTA using the small systems template which can be located at the following website <https://www.transit.dot.gov/TAM/TAMPlans>. Additional elements are available separately that does not require inclusion or attachment to the TAM Plan template. CMRTA plan includes Inventory of Assets, Condition Assessment of inventories assets, Decision Support Tool description and a Prioritized List of Investments.
2. The list will be prepared and targets revised for assets that require replacements. Condition Assessment is noted in the TAM Plan template. Prioritized Investment list is in TAM Plan Appendix C.

3. The methodology used to determine the facility assessment is in a separate document based off FTA TERM Version 3.0 (as of 9-2018). Although it is not necessary for Tier II operators to include, pictures, narratives, consultants, i.e. documentation used in making facility condition assessments is available to back up the preparation of the TAM Plan.

Status: This technical assistance is closed.

MAINTENANCE

PURPOSE OF THIS REVIEW AREA

Subrecipients must keep OPT federally funded vehicles, equipment, and facilities in good operating condition and Americans with Disabilities Act (ADA) accessibility features on all vehicles, equipment, and facilities in good operating order.

No findings. OPT defers to FTA cognizant agency.

Technical Assistance M2-1: Late Vehicle Preventive Maintenance

OPT reviewed PM 1 for propane equipped cutaway 2016 Ford E450 VIN: 1FDFE4FS3GDC3958; 151,181 miles; 8835 Braun wheelchair lifts used to provide 5311 rural and 5307 urban transportation. The contractor identified in their preventative maintenance manual a target of 6k miles for oil changes. The stated target was not met 6 times in 2 years, exceeding the target by 3k to 4k miles in between oil changes. CMRTA was aware of the deficiency that was identified prior to OPT onsite review.

TA Guidance M2-1: OPT will defer to FTA who is the cognizant agency.

Subrecipient Response M2-1: CMRTA identified this in the latest performance review of Transdev. Liquidated damages has been assessed and CMRTA has a monitoring program for PMIs.

Status: This technical assistance is closed.

Technical Assistance M3-1: Accessibility Features

TA Guidance M3-1: OPT will defer to FTA who is the cognizant agency.

Subrecipient Response M3-1: CMRTA identified concerns with the contractor's wheelchair maintenance including training by their employees back in November 2019. The contractor completed a campaign to address all wheelchair lifts in 40 cutaway vehicles in March 2020 and is ensuring that all maintenance employees are trained and certified by Transdev. CMRTA submitted a summary of the campaign.

Status: This technical assistance is closed.

FINANCIAL MANAGEMENT AND CAPACITY

PURPOSE OF THIS REVIEW AREA

Subrecipients must have financial policies and procedures; an organizational structure that defines, assigns and delegates authority; and financial management systems to match, manage, and charge only allowable cost to the OPT program agreement. Subrecipient must provide oversight of subrecipient contractors and must submit OPT required single audits per State Management Plan requirements.

Finding F1-1: Missing, insufficient, outdated financial procedures

CMRTA policies received address FTA direct recipient funding requirement not OPT subrecipient funding requirements.

Corrective Action F1-1: Submit procedures for managing OPT program funding in compliance with State Management Plan requirements. Procedures must include how to determine allowable cost and process for timely distribution of funds.

Subrecipient Response F1-1: Submitted the Central Midlands RTA Policies and Procedures Manual (approval 4-14-20) updated to address this corrective action. See section for Administration of Grants and Contracts, Section F. Billing and Financial Reporting. Omitted procedures for cost allocation methodology as CMRTA is awaiting OPT's approval on the cost allocation methodology documents submitted.

Status: This finding is remains open.

Technical Assistance F1-1: Missing, insufficient, outdated financial procedures

OPT received three separate policies. Award Management & Admin contract reference to outdated OMB circular.

Guidance F1-1: Consider:

1. Revising OMB references to 2 CFR references.
2. Revising accounting policies to include all accounting functions.

Subrecipient Response to Guidance F1-1: Submitted CMRTA Policies and Procedures Manual approval 4-14-20 to address technical assistance except for Indirect Cost and Cost Allocation Methodology. Waiting SCDOT OPT cost allocation approval.

Status: This technical assistance is closed.

Finding F1-2: Lacking financial internal controls.

Received three separate policies. Award Management & Admin procedures did not address OPT requirements. OPT monthly reimbursement instruction were not revised to identify CMRTA procedures.

Corrective Action F1-2:

1. Submit written procedures for managing OPT program funds in compliance with OPT State Management Plan requirements.
 - Must include how to determine allowable cost and processing payment for timely distribution of funds.
2. Submit revised OPT Reimbursement Instructions and agency Fixed Asset Record Creation Procedures to a CMRTA document that is updated to reflect OPT program funding source

requirements. May want to consider referencing Transit Asset Management Plan related to inventory and disposal of fixed assets.

- Consider -- creating an OPT Management & Admin Procedures Manual or incorporating OPT requirements into the current Management & Admin Procedures for FTA
3. Submit a Chart of Accounts with updated general ledger accounts for OPT administered 5311, RTAP, 5339, and SMTF program revenue and expense accounts. FYI OPT no longer provides 5309 funds

Subrecipient Response F1-2:

1. Submitted Central Midlands RTA Policies and Procedures Manual approval 4-14-20 updated to address this corrective action/guidance. See section for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3. Omits Indirect Cost and Cost Allocation Methodology – waiting OPT approval on Cost Allocation Methodology
2. Submitted Central Midlands RTA Policies and Procedures Manual approval 4-14-20 updated to address this corrective action. See Asset Management Section.
3. CMRTA submitted Attachments: F1-2.GL Chart of Accounts updated to address this corrective action.

Status: This finding is closed. Corrective Action #2 Note: CMRTA useful life standards are more stringent than OPT. Large buses uses 14 year instead of 12 years; Medium-Duty uses 10 year instead of 7; Light-Duty Mid-sized uses 10 years instead of 5, and; Light Duty Small uses 8 instead of 4.

Technical Assistance F2-1: Segregation of financial duties and functions

Finance Director recently was designated with procurement responsibilities resulting in lack of segregation of duties as Finance Director is responsible for the procurement process, accounts payable, vendor payment, bank reconciliation.

Guidance F2-1: Consider reassigning procurement function outside the Finance Department to strength internal controls. OPT defers to FTA since FTA is the cognizant agency.

Subrecipient Response to Guidance F2-1: CMRTA disagrees with this notation. There are proper internal controls to ensure that segregation of duties and ensure collusion does not occur. Procurement functions are performed between the Executive Office and Finance Department, with the Regulatory Compliance Department responsible for oversight and audit of procurement functions. Comparable sized agencies that have Procurement person or the function in a “Finance or Finance and Administration”.

Status: Based on new information provided in the response concerning involvement of the Executive Director and the Regulatory Compliance Department, this technical assistance is closed.

Finding F3-1: Financial management system deficiencies

CMRTA did not provide financial statements that allowed for tracing the allocation of expenses to OPT programs. Agency uses separate GL accounts for expense types but did not provide GL accounts showing expenses allocated to OPT programs as reported in the monthly Form 600.

Corrective Action F3-1:

1. Establish and submit financial system procedures that allow for the preparation of reports and permits tracking OPT program 5311, RTAP, 5339, SMTF and other applicable fund

expenses and revenue to establish that funds have been used in compliance with applicable program requirements.

2. Submit to OPT evidence of General Ledger expense and revenue accounts that allows for the preparation of OPT program financial reports and permits tracing of OPT program expenses reported on Form 600.

Subrecipient Response F3-1: CMRTA submitted Attachments F1-2 GL Chart of Accounts and F3-1 GL Entry to address both corrective actions.

Status: This finding is closed.

Finding F4-1: Request for Reimbursement deficiencies – PT-9M411-39

Form 600 category expenses varied from Financial Summary category amounts; Form excluded the percentage of 5311 program contra (passenger fare). The omission of contra resulted in an incorrect calculation of Net Operating expenses that resulted in an overpayment. No payback is required as the agency accumulated authorized eligible expenses for which reimbursement was not requested that would have exceeded the amount of the overpayment.

Corrective Action F4-1: Submit procedures for preparing and submitting Form 600 Request for Reimbursement documents to ensure Form 600 and Financial Summary (FS) expenses tie:

- FS monthly expenses = Form 600 Line 3
- FS Year to date = Form 600 lines 8, 11, 14
- FS OPT Reimbursement Request = Form 600 lines 6, 9, 12
- FS identifies contra for 5311 program operations that = Form 600 line 2 operations only
- Include how to calculate 5311 contra (passenger fare) based on the same methodology calculation used to allocate program expenses.
- Identify program general ledger account numbers used to record OPT administered funds.

Subrecipient Response F4-1: CMRTA submitted Attachment F4-1 Form 600 Instructions and the Policy and Procedures Manual Section Fund Management that included Reimbursement Request to address corrective action. Going forward, CMRTA will ensure that fares are subtracted in the Form 600 and will ensure that this form is submitted monthly by the end of each month.

Status: This finding is closed. Note, if agency submits quarterly reimbursement, three monthly request forms (one for each month in the quarter) must be submitted.

Finding F5-1: Ineligible common transportation costs charged to OPT program

No submission of written common cost methodology procedures for calculating and allocating common transportation costs to OPT programs. Current Common Transportation Cost Methodology Proposed Plan of allocating transportation costs between Section 5311 rural and 5307 urban programs is not adequate as it uses 2010 census population data to charge 19% to the rural program. Census data does not adequately distribute cost based on the benefit each program receives. Based FTA Circular 9040.1G Chapter III, Section 2 Eligibility, when there is a question as to reasonableness of a subrecipient's cost allocation methodology FTA lets the state make the determination. CMRTA is currently working with OPT to revise the allocation methodology for calculating shared transportation revenue and cost between benefiting programs.

Corrective Action F5-1:

1. Submit written procedures for calculating common transportation costs and contra (revenue) to allocate to OPT programs. Include names of reports used to capture and allocate allowable expenses.
2. Revise and submit to OPT an updated Common Cost Methodology Proposal for the current three (3) rural routes using a basis that would distribute costs to benefitting programs based on benefit received (passenger, revenue, total miles, hours etc.). Breakout the current 3 routes to identify deadhead, urban, and rural route miles. Agency documents indicate the use of revenue miles.
3. Continue working with OPT to obtain a common cost methodology that complies with 2 CFR that allocates cost to programs that are reasonable based on the benefit received.

Subrecipient Response F5-1: CMRTA submitted documentation January 8 and 14, 2020. CMRTA operates Routes 44X, 47, 62, 92X, 93X, 97, and paratransit in the rural area.

Status: This finding remains open. CMRTA is to continue working with OPT to formulate an acceptable cost allocation methodology for shared transportation costs between programs is finalized.

Finding F6-1: Audit procedures missing OPT required audit elements

Subrecipients who do not meet the scope of a single audit who receive State Mass Transit Funds must have written procedures to comply with State Management Plan audit requirements. CMRTA procedures did not include OPT requirements.

Corrective Action F6-1: Submit procedures that includes OPT required elements for preparing Schedule of Budget to Actual for all OPT expended program funds and submitting OPT required audits.

Subrecipient Response F6-1: CMRTA submitted Central Midlands RTA Policies and Procedures Manual approval 4-14-20 updated to address this corrective action. See Accounting Policies Section L. Annual Audit.

Status: This finding remains open. CMRTA must:

1. Submit revised audit procedures to address OPT SMP audit requirements.
2. Remove 2 CFR § 200.507 program specific audit under Concluding the Audit. When CMRTA does not meet the scope of a single audit, the OPT financial statement audit is required because the agency expends State Mass Transit Funds. However, if the agency wishes, it's procedures may be more stringent.

SATISFACTORY CONTINUING CONTROL

PURPOSE OF THIS REVIEW AREA

The recipient must ensure that Federal Transit Administration (FTA)-funded property will remain available to be used for its originally authorized purpose throughout its useful life until disposition.

No findings. OPT defers to FTA cognizant agency.

CENTRAL MIDLANDS REGIONAL TRANSPORTATION AUTHORITY
dba The COMET
2019 – 2020 Compliance & Oversight Review Summary of Findings

REVIEW AREA	ITEM	DESCRIPTION	CORRECTIVE ACTION / GUIDANCE	DUE TO DATE	SUBRECIPIENT RESPONSE	CLOSED DATE
LEGAL						
Finding	L2-1	Used federal funds to pay lobbying activities	Submit written process or update process that prohibits use of OPT federal funds to pay lobbying activities.	3-4-2020		Open
Technical Assistance		Transdev operational contract activities includes a line item for a Lobbyist that the hourly rate is based on. During the review CMRTA asserted that it did not pay for lobby activities. The Executive Director stated the DOR claim also identified lobbying activities as ineligible expenses under the penny tax fund. OPT will defers to FTA since FTA is the cognizant agency.			TA. CMRTA deducted the lobbying costs from Transdev based on the Attachment L2-1 Letter to Lobbyist. No Federal funds were paid to support Transdev's lobbying efforts. Withheld funds have been reinvested in other services.	Closed 5-18-20
TECHNICAL CAPACITY – AWARD MANAGEMENT						
Finding	AM1-1	Late or missing activity reports required to accompany monthly Form 600 for 5311 OPT administered funds	Submit written procedures that requires monthly submission of activity reports to OPT by OPT deadlines.	3-4-2020	Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3 updated to address this corrective action. Submitted F4-1 revised instructions and summary of instruction.	Closed 5-18-20

					Going forward, The SMRTA will ensure that fares are subtracted in the Form 600 and will ensure that this form is submitted monthly by the end of each month.	
Finding	AM2-1	Late or missing Form 600 Request for Reimbursements for 5311 OPT administered funds.	<ol style="list-style-type: none"> 1. Submit written procedures that requires monthly submission of Form 600 requests by OPT deadlines. 2. Submit written procedures to ensure timely submission of the final invoice by the OPT deadline. 	3-4-2020 3-4-2020	Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3 updated to address this corrective action. Submitted F4-1 revised instructions and summary of instruction. Going forward, The COMET will ensure that fares are subtracted in the Form 600 and will ensure that this form is submitted monthly by the end of each month.	Closed 5-18-20
Finding	AM3-1	Late or missing grant file documents	Submit written procedures that identifies documents to be maintained in the OPT program grant files.	3-4-2020	Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, E. Post Award Procedures, item 3 updated to address this corrective action.	Closed 5-18-20
TECHNICAL CAPACITY – PROGRAM MANAGEMENT & CONTRACTOR OVERSIGHT						
Finding	PM1-1	Program management plans missing/out of date	Submit a written program plans reflecting current requirements that includes provisions for monthly invoicing and activity reports. <input type="checkbox"/> Section 5311 Rural program <input checked="" type="checkbox"/> Section 5311(b)(3) RTAP program <input checked="" type="checkbox"/> Section 5339 Bus & Bus Facilities Program <input checked="" type="checkbox"/> SMTF	3-4-2020	Submitted Central Midlands RTA Policies and Procedures sections for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3 updated to address this corrective action.	Closed 5-18-20

TECHNICAL CAPACITY – PROJECT MANAGEMENT						
	No findings.					
PROCUREMENT						
	No findings. OPT defers to FTA cognizant agency.					
SCHOOL BUS SERVICE						
	No findings. OPT defers to FTA cognizant agency.					
CHARTER SERVICE						
	No findings. OPT defers to FTA cognizant agency.					
TRANSIT ASSET MANAGEMENT PLAN						
Technical Assistance	TAM1-1	<p>TAM Plan</p> <p>OPT performed a courtesy review of the sub-recipient’s TAM Plan for vehicles and facilities. Facilities inspection consisted of 9 components using FTA’s TERM Scale “Transit Economic Requirements Model”. All major components graded at a 4 median value with an overall 4 median score for the entire facility.</p> <p>1. CMRTA should consider attaching the Accountable Executive’s job description to the TAM Plan</p> <p>2. CMRTA should consider for vehicles:</p> <ul style="list-style-type: none"> - Identifying targets for each asset class for a 5-year period. 		3-4-2020	<p>The COMET appreciates the technical guidance provided by OPT regarding TAM Plan preparation. As defined by the FTA and noted on this website: https://www.transit.dot.gov/TAM/TAMPlans, as a Tier II operator, The COMET prepared a TAM Plan using the small systems template.</p> <p>Additional elements are available separately and does not require inclusion or attachment to the TAM Plan template. Inventory of Asset is included in the TAM Plan template. Condition Assessment of inventories assets is included in the TAM Plan template. Decision Support Tool is provided separately and is submitted with responses as TAM1-1. Prioritized List of Investments (projects / programs) is found in TAM Plan Appendix C.</p> <p>2. A condition assessment of inventoried assets rates the assets' physical state for assets an agency has direct capital responsibility; at</p>	Closed 5-8-20

		<ul style="list-style-type: none"> - Completing the condition assessments for each asset in each class that meets FTA's threshold - Identifying the methodology used to determine the asset condition <p>3. CMRTA should consider facilities</p> <ul style="list-style-type: none"> - Verify your methodology used to determine the TERM scale ranking - Produce documentation, i.e. pictures, narratives, consultants used in making facility condition assessments 			<p>a level of detail sufficient to monitor and predict performance of inventoried assets.</p> <p>All assets are 2008 or newer and will not require replacement until the next TAM Plan update. Plan targets are shown for assets that require replacements. The next TAM Plan update, the list will be prepared and revised targets provided.</p> <p>3. The methodology used to determine the facility assessment is in a separate document and is based off FTA TERM Version 3.0 (as of 9-2018). As a Tier II operator, documentation to support the assessment is not necessary; however, pictures, narratives, consultants used in making facility condition assessments is available to back up the preparation of the TAM Plan.</p>	
MAINTENANCE						
Technical Assistance	M2-1	<p>Late vehicle preventive maintenance.</p> <p>OPT reviewed PM 1 for propane equipped cutaway 2016 Ford E450 VIN: 1FD4E4FS3GDC3958 Miles: 151,181 Braun wheelchair lift: 8835 used to provide 5311 rural and 5307 urban transportation.</p> <p>Transdev identified in their preventative maintenance manual a target of 6k miles for oil changes. The stated target was not met 6 times in 2 years, exceeding the target by 3k to 4k miles in between oil</p>		3-4-2020	<p>CMRTA had identified this in its latest performance review of Transdev. Liquidated damages have been assessed and CMRTA has a monitoring program for PMIs.</p>	Closed 5-8-20

		changes. Subrecipient was aware of the deficiency that was identified prior to OPT onsite review. OPT will defer to FTA cognizant agency.				
Technical Assistance	M3-1	<p>Accessibility features</p> <p>OPT reviewed preventive maintenance records on a 2016 Ford E450 VIN: 1FDFE4FS3GDC3958 with a Braun wheel chair lift with 8835 lifts used to provide rural and urban transportation service.</p> <p>Braun wheelchair lift operated according to design except for the back roll stop bridge plate sensor. The sensor failed to stop the lift from lifting when engaged, this represents a safety hazard to lift user and should be repaired immediately. The finding agrees with CMRTA analysis of contractor services. OPT will defer to FTA cognizant agency.</p>		3-4-2020	<p>CMRTA had identified concerns with the wheelchair maintenance by Transdev, including training by their employees back in November 2019. Transdev completed a campaign to address all wheelchair lifts in 40 cutaway vehicles in March 2020 and is ensuring that all employees in maintenance are being trained and certified by Transdev.</p> <p>Submitted TA-M3 summary of the campaign with agency responses.</p>	Closed 5-8-20
FINANCIAL MANAGEMENT & CAPACITY						
Finding	F1-1	Missing, insufficient, out dated financial procedures. Policies received did not address OPT funding requirements.	Submit procedures for managing OPT program funding in compliance with State Management Plan requirements. Procedures must include how to determine allowable cost and process for timely distribution of funds.	3-4-2020	<p>Finding. Submitted the Central Midlands RTA Policies and Procedures Manual (approval 4-14-20) updated to address this corrective action. See section for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3. Procedures for cost allocation methodology was omitted as the agency is awaiting approval of the cost allocation plan that was submitted to SCDOT for approval.</p>	Open

Technical Assistance		<p>Received three separate policies of which 1) Award Management & Admin</p> <ul style="list-style-type: none"> - Consider revising OMB references to reflect current 2 CFR <p>2) Accounting Policies do not address all accounting functions.</p> <ul style="list-style-type: none"> - Consider revising to include all accounting function aspects 		3-4-2020	TA. Submitted CMRTA Policies and Procedures Manual approval 4-14-20 to address technical assistance.	Closed 5-15-20
Finding	F1-2	<p>Lacking financial internal controls. Received three separate policies Award</p> <p>1) Management & Admin procedures addresses FTA recipient requirements only.</p> <p>2) OPT monthly reimbursement instructions were not revised to identify CMRTA procedures.</p>	<p>1. Submit written procedures for managing OPT funds in compliance with OPT State Management Plan requirements.</p> <ul style="list-style-type: none"> - Must include how to determine allowable cost and processing payment for timely distribution of funds. <p>2. Must revise and submit OPT Reimbursement Instructions and agency Fixed Asset Record Creation Procedures to a CMRTA document that is updated to reflect OPT program funding source requirements. May want to consider referencing Transit Asset Management Plan related to inventory and disposal of fixed assets.</p> <ul style="list-style-type: none"> - Consider -- creating an OPT Management & Admin Procedures Manual or incorporating OPT requirements into the current Management & Admin Procedures for FTA <p>3. Submit a Chart of Accounts with updated general ledger accounts for OPT administered 5311, RTAP, 5339, and SMTF program revenue and expense accounts. FYI OPT no longer provides 5309 funds.</p>	<p>3-4-2020</p> <p>3-4-2020</p> <p>3-4-2020</p>	<p>1 The Central Midlands RTA Policies and Procedures were updated to address this corrective action/guidance. See section for Administration of Grants and Contracts, F. Billing and Financial Reporting, item 3. Also awaiting action on the agency's cost allocation plan submitted for approval.</p> <p>2. The Central Midlands RTA Policies and Procedures were updated to address the section for Asset Management.</p> <p>3. Submitted Attachment F1-2 Chart of Accounts - updated.</p>	Closed 5-15-20

Technical Assistance	F2-1	<p>Segregation of financial duties and functions.</p> <p>Designating procurement responsibilities to Finance resulted in weakened financial internal control and lack segregation of duties as Finance is responsible for the procurement process, accounts payable, vendor payment through bank reconciliation.</p> <p>Consider reassigning the procurement function outside of the Finance Department to strengthen internal controls. OPT will defer to FTA since FTA is the cognizant agency.</p>		3-4-2020	<p>CMRTA disagrees. There are proper internal controls to ensure that proper segregation of duties are in place for procurement. Procurement functions are performed between the Executive Office and Finance Department, with the Regulatory Compliance Department responsible for oversight and audit of procurement functions.</p> <p>CMRTA submits there are comparable sized agencies that have procurement person or the function in a “Finance or Finance and Administration” Department to include 2 South Carolina RTAs. CMRTA internal controls ensure that collusion that does not occur in relation to procurements.</p>	Closed 5-15-20
Finding	F3-1	<p>Financial management system deficiencies.</p> <p>CMRTA did not provide financial statements that allowed for tracing the allocation of expenses to OPT programs. Agency uses separate GL accounts for expense types but did not provide GL accounts showing expenses allocated to OPT programs as reported in the monthly Form 600.</p>	<ol style="list-style-type: none"> 1. Establish and submit financial system procedures that allow for the preparation of reports and permits tracking OPT program 5311, RTAP, 5339, SMTF and other applicable fund expenses and revenue to establish that funds have been used in compliance with applicable program requirements. 2. Submit to OPT evidence of General Ledger expense and revenue accounts that allows for the preparation of OPT program financial reports and permits tracking of OPT program expenses reported on Form 600. 	<p>3-4-2020</p> <p>3-4-2020</p>	<p>CMRTA submitted Attachment F1-2 GL Chart of Accounts and F3-GL Entry.</p>	Closed 5-15-20
Finding	F4-1	<p>PT-9M411-39 Form 600 – Request for Reimbursement #2 documentation deficiencies.</p>	<p>Submit procedures for preparing and submitting Form 600 Request for Reimbursement documents to ensure Form 600 and Financial Summary (FS) expenses tie:</p>	3-4-2020	<p>CMRTA submitted F4-1 revised Form 600 instructions ,a summary of the instruction, and Policy and Procedure Manual.</p>	Closed 5-15-20

		<p>Form 600 category expenses varied from Financial Summary category amounts, Form excluded the percentage of 5311 program contra (passenger fare). The omission of contra resulted in an incorrect calculation of Net Operating expenses that resulted in an overpayment. No payback is required as the agency accumulated authorized eligible expenses for which reimbursement was not requested that would have exceeded the amount of the overpayment.</p>	<ul style="list-style-type: none"> - FS monthly expenses = Form 600 Line 3 - FS Year to date = Form 600 lines 8, 11, 14 - FS OPT Reimbursement Request = Form 600 lines 6, 9, 12 - FS identifies contra for 5311 program operations that = Form 600 line 2 operations only - Include how to calculate 5311 contra (passenger fare) based on the same methodology calculation used to allocate program expenses. - Identify program general ledger account numbers used to record OPT administered funds. 		<p>Going forward, CMRTA will ensure that fares are subtracted on Form 600 and that this form is submitted monthly by the end of each month.</p>	
Finding	F5-1	<p>Ineligible common transportation costs charged to OPT program.</p> <p>No written common cost methodology procedures for calculating and allocating common transportation costs to OPT programs. Current Common Transportation Cost Methodology Proposed Plan of allocating transportation costs between Section 5311 rural and 5307 urban programs is not adequate as it uses census population data to charge 19% to the rural program. Census data does not adequately distribute cost based on the benefit each program receives. CMRTA is currently working with OPT to revise the methodology for allocating shared transportation revenue and cost between benefiting programs.)</p>	<ol style="list-style-type: none"> 1. Submit written procedures for calculating common transportation costs and contra (revenue) to allocate to OPT programs. Include names of reports used to capture and allocate allowable expenses. 2. Revise and submit to OPT an updated Common Cost Methodology - Proposal for the current three (3) rural routes using a basis that would distribute costs to benefitting programs based on benefit received (passenger, revenue, total miles, hours etc.). Breakout the current 3 routes to identify deadhead, urban, and rural route miles. Agency documents indicate the use of revenue miles. 3. Continue working with OPT to obtain a common cost methodology that complies with 2 CFR that allocates cost to programs that are reasonable based on the benefit received. 	<p>3-4-2020</p> <p>3-4-2020</p> <p>3-4-2020</p>	<p>CMRTA submitted documentation to OPT on 1-8-20 and 1-14-20 and is awaiting a response. Documentation was provided three 2017, 2018, and 2019 using three different methodologies. CMRTA is awaiting approval.</p> <p>2. Current methodology submitted using OPT documentation includes Routes 44X, 47, 62, 92X, 93X, 97 and paratransit in the rural area.</p> <p>3. CMRTA is awaiting guidance.</p>	Open

Finding	F6-2	Audit procedures missing OPT required audit elements.	Submit procedures that includes OPT required elements for preparing Schedule of Budget to Actual for all OPT expended program funds and submitting OPT required audits.	3-4-2020	Submitted Central Midlands RTA Policies and Procedures section J. Annual Audit updated to address this corrective action.	Open
SATISFACTORY CONTINUING CONTROL						
No findings. Opt defers to FTA cognizant agency.						

CITATIONS

Code of Federal Regulations (CFR), as amended:

- 2 CFR Part 180
- 2 CFR Part 200
- 2 CFR Parts 200 & Appendices II, III, IV, V, VI, VII
- 23 CFR Part 450
- 41 CFR Part 60
- 49 CFR Parts 18, 20, 26, 37, 40, 571, 604, 605, 655, 661, 663, 665, 200
- 49 CFR Part 625 Transit Asset Management Plan Requirements

DOT Order 5610.2

Executive Order 13166

Fast Act, Section 3019

FTA Circulars, as amended:

- 4220.1F Third Party Procurement
- 5010.1E Award Management Requirements
- 5010.1E Appendix F. Cost Allocation Plans, Appendix G. Indirect Cost Rate Proposals
- 5100.1G (Section 5339) Bus and Bus Facilities Formula Program
- 9030.1E (Section 5307) Urbanized Area Formula Program
- 9040.1G (Section 5311) Formula Grants for Rural Areas
- 9045.1 (Section 5317) New Freedom & 9050.1 (Section 5316) JARC) - Fed & Local Match
- 9070.1G (Section 5310) Enhanced Mobility of Senior and Individuals with Disabilities Program

FTA Master Agreement, as amended

Generally Accepted Accounting Principles

National Flood Insurance Act of 1968 and the Flood Disaster Act of 1973

Office of Management and Budget (OMB) Standard Form LLL, as amended

SCDOT OPT State Management Plan, as amended

South Carolina Escheat Law, as amended

United States Code (USC)

- 40 USC
- 42 U.S.C. 4601 Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended
- 49 USC Chapter 53, Federal Transit Laws, as amended
- 49 USC 5323
- 49 USC Chapter 5325 Contract Requirements