



**South Carolina Department of Transportation
Office of Public Transit**

**SFY2017
COMPLIANCE & OVERSIGHT REVIEW
OF**

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

FINAL REPORT

November 29, 2017

Prepared by:

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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 Review Process

The process consists of an OPT review of internal controls to ensure compliance with program requirements, which sub-recipients of OPT SMTF and FTA administered funds are required to adhere. The review period in this report covers the State’s fiscal year (SFY) 2010 to 2013. A list requesting documents to be reviewed and a questionnaire, as appropriate, are submitted to the sub-recipient.

A “desk review” consists of a review of submitted documentation and prior years’ open items from various compliance and audit reports. The on-site review begins with an entrance conference which addresses the scope of the review and goes over prior year open items. Procedures include a review of current program documentation; relating maintenance, procurement, finance and internal controls. The review concludes with an exit conference, during which initial findings and guidance are discussed.

A “draft” report is sent to the sub-recipient to give the agency an opportunity to address any prior year’s open items and current year review findings and guidance. A finding is a violation of a federal, state, contractual requirements or agency policy. OPT provides corrective action related to each finding. Guidance is an advisory comment suggesting a best practice. OPT provides recommendations related to each guidance. Sub-recipients are to provide a detailed response for each finding and also to provide, at a minimum, a statement of acceptance or denial for each instance of guidance in the report. A final report is issued that includes sub-recipient responses and indicates the status of a finding or guidance.

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 serving the communities of Columbia, Arcadia Lakes, and Forest Acres, and portions of the unincorporated areas in Richland County, West Columbia, Cayce, and Springdale in Lexington County. 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.

The governing board membership is made up of representatives from four local jurisdictions based on population. Richland County has 6 members, the City of Columbia has three members, and Lexington County and Forest Acres each has one member. The board is scheduled to meet 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 four employees paid in part or in whole with OPT administered funds. The agency is both a direct recipient of FTA programs and a subrecipient of OPT administered program funds and receives Richland County Penny Sales Tax funds. CMRTA provides Fixed Route and Paratransit transportation services through a management contract. The contract includes 28 weekday and 23 weekend routes, operations, and maintenance service. Hours of operations are 4:45 am to 12:30 pm weekdays and 5 am to 11 pm weekends. Fares are \$3 daily, \$12 for five days, \$12 for 10 rides, \$14 for 7 days, and \$80 for U-pass starts. All passes are available in half fare prices.

CMRTA provides transportation services using a fleet of 21 cutaways, 2 vans and 46 buses. 36 vehicles are needed for peak weekdays and 25 for peak weekend. The fleet has 21 contingency vehicles, 8 support vehicles, 0 spares, and 0 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.

REVIEWED PROGRAMS AND CONTRACTS

Under this review period, the sub-recipient received the following OPT administered program funding that was eligible for Compliance and Oversight Reviews.

Section 5311 Rural & Small Urban Areas

a. Contracts: PT+5M411-16, PT-6M411-48

Section 5311(b)(3) Rural Transit Assistance Program (RTAP)

a. Contracts

State Mass Transit Funds (SMTF)

a. Contracts: 4M499-05, PT-5M499-02, PT-6M499-28

SFY 2017 COMPLIANCE & OVERSIGHT REVIEW

2014 OPEN FINDINGS & GUIDANCE

FIXED ASSETS - SATISFACTORY CONTINUING CONTROLS

FINDING

F14-02: Incorrect OPT Contract Numbers and Vehicle Description

Prior review **G09-24: Identification of Funding Source** recommended the agency ensure that the FAS File Listing included the OPT contract number and percentage of participation for vehicles in which OPT was the lienholder. The current year review of the FAS File Listing for the 5 vehicles in which OPT still holds the title revealed the percentages of participation were updated however, “*Co. Asset No.*” **60-62** identified the incorrect OPT contract number and incorrect vehicle year.

2014 Corrective Action: For asset numbers 60 – 62, CMRTA is to:

1. Correct the OPT contract number for each asset.
2. Correct the vehicle year for each asset as appropriate.
3. Designate an individual to review asset information for new assets to ensure the required information is correctly input in the accounting system.
4. Submit the corrected FAS File Listing for each asset with the response to the draft.

2014 Agency Response:

1. The Staff Accountant corrected the OPT contract number during OPT’s on-site review and verified with reviewer.
1. Staff Accountant reviews Fixed Assets listings monthly for updates or corrections.
2. See corrected FAS File Listing at attachment F14-02: Satisfactory Continuing Controls.

2014 Agency Status: The FAS File Listing for “Co. Asset No.” Van 60 was corrected as advised. However, “Co Asset No Van 61 and 62 still lacks the proper entries. The FTA grant number associated with “Co Asset No Van 61 and Van 62 needs to be included in the “notes area” of the general information section. Reference Van 60 “notes”. This finding remains open until evidence of correction for Van 61 and Van 62 is received.

2017 Agency Status: A review of the electronic fixed asset system showed that the FTA grant number was present in the “notes area” for Van 61 and Van 62. **This finding is closed.**

END OF 2014 PRIOR REPORT PERIOD REVIEW ITEMS

SFY 2017 COMPLIANCE & OVERSIGHT REVIEW
Covering July 1, 2013 – June 30, 2016
CURRENT YEAR FINDINGS & GUIDANCE

PROCUREMENT

GUIDANCE

G17-01: Procurement Manual

CMRTA currently holds a 5311 grant agreement for the Lower Richland area for which capital procurements are likely to happen due to capital allocations. OPT subrecipients are required to establish written internal controls to comply with OPT procurement requirements identified in the OPT State Management Plan. CMRTA procurement manual does not address www.sam.gov requirements nor OPT State Management Plan Procurement approval process. The agency does check www.sam.gov.

2017 Recommendation: This was not considered a finding since CMRTA substantially complied with State Management Plan requirements. CMRTA is required to comply with all applicable procurement requirements and is to revise the procurement manual to:

1. Incorporate language pertaining to the www.sam.gov requirements.
2. Add language to address OPT State Management Plan procurement requirements.
 - a. Include procedures for gaining OPT approval for solicitation
 - b. Include completion of OPT Procurement Approval Form.

2017 Agency Response: CMRTA is in the process of updating procurement policies as part of the FTA Triennial Review and will incorporate this information going forward. Once the policy is completed, it will be forwarded to OPT.

2017 Agency Status: This guidance is closed.

SATISFACTORY CONTINUING CONTROL

FINDING

F17-01: Out of Service Notification

Subrecipients are required to notify OPT when an OPT funded vehicle for which OPT holds the title is out of service for 30 days or greater. Currently, OPT holds title to six CMRTA vehicles; all were taken out of service over a year ago but CMRTA failed to provide OPT with the required notification. In addition, CMRTA began cannibalizing one of the vehicles and marked vehicles for disposal without proper OPT authorization.

2017 Corrective Action: CMRTA, in accordance with OPT's State Management Plan, must:

1. Develop and implement written disposal policy and procedures that includes, at a minimum;

- a. Requires notifying OPT when an OPT funded vehicle has reached its useful life and is no longer being used in public transportation.
2. Develop and implement written procedures for notifying OPT when an OPT funded asset is taken out of service for a period of 30 days or greater.
3. Provide written policy and procedures with the response to the draft report.

2017 Agency Response: CMRTA will dispose of property acquired with OPT administered federal funds in accordance with OPT requirements. The authority acknowledged OPT State Management Plan vehicle title, disposal and out of service notification and title requirements and provided statements of “Actions Needed”.

2017 Agency Status: This finding is closed.

MAINTENANCE

GUIDANCE

G17-02: File Management

Subrecipients are required to maintain an effective filing system that captures and records all OPT required vehicle information, repair records, preventative maintenance records, warranty repair records and pre/post trip daily inspection sheets. Many of the elements are being captured but the filing system isn’t unified and does not record the required information for each vehicle in a format that is easily searchable.

2017 Recommendation: CMRTA should consider creating a compartmentalized, unified filing system for each vehicle that captures the following information:

- Compartment #1: Vehicle information - copy of the vehicle registration and insurance cards and the owners/warranty guide.
- Compartment #2: All repair records filed in sequential order.
- Compartment #3: All preventative maintenance work orders filed in sequential order.
- Compartment #4: All warranty work orders filed in sequential order.
- Compartment #5: Daily pre/post trip inspection sheets.

All vehicle records are to be maintained for the life of vehicle plus 3 years.

2017 Agency Response: CMRTA recently updated its maintenance software and processes as part of the FTA Triennial Review. This recommendation is accepted and will be incorporated in the process going forward.

2017 Agency Status: This guidance is closed.

FINANCIAL MANAGEMENT

COST ALLOCATION PLAN/ INDIRECT COST RATE AGREEMENT

GUIDANCE

G17-03: Direct Cost Allocation Methodology

OPT requires subrecipients to develop a written methodology for allocating direct common cost that is shared between programs. CMRTA urban and rural transportation services share costs that is allocated to benefitting programs using vehicle miles which provides for an equitable distribution of cost to programs. OPT was not provided documentation of this methodology.

2017 Recommendation: This was not considered a finding since CMRTA substantially complied with State Management Plan requirements. However, CMRTA is required to comply with all applicable Cost Allocation requirements and is to:

1. complete the OPT Transportation Common Cost Distribution Methodology questionnaire and;
2. submit the methodology to OPT with the response to the draft report. Although not considered a finding, agency must

2017 Agency Response: CMRTA has reviewed the guidance and will take it under advisement. The agency is requesting to submit the OPT Transportation Common Cost Distribution Methodology Questionnaire at a late date.

2017 Agency Status: Your request is accepted. Please send the completed questionnaire to the OPT Financial Analyst responsible for Cost Allocation Plans. **This guidance is closed.**

FIXED ASSETS - SATISFACTORY CONTINUING CONTROLS

FINDING

F17-01: Useful Life and Method of Depreciation

OPT State Management Plan requires OPT funded vehicles use the straight line method of depreciation and the OPT required useful life be documented. CMRTA's fixed asset listing contained six OPT funded vehicles for which the method of depreciation and useful life were not identified.

2017 Corrective Action: CMRTA is to update the fixed asset listing to include the useful life and the method of depreciation for OPT funded vehicles. CMRTA is to provide a revised fixed asset listing with the response to the draft report.

2017 Agency Response: The useful life and method of depreciation is attached.

2017 Agency Status: **This finding is closed.**

END OF REPORT

CITATIONS For This Review Period

Code of Federal Regulations:

Title 19, Title 49

OMB Circulars, and as amended:

A-87 Cost Principles for State, Local and Indian Tribal Governments,

A-110 Uniform Administrative Requirements for Grants and Other
Agreements . . . ,

A-122 Cost Principles for Non-Profit Organizations and

A-133 Audits of States, Local Governments and Non-Profit Organizations

FTA Circulars, and as amended:

4220.1F (3rd Party Contracting Guidance),

4702.1A (Title VI),

5010. D (Grants Management),

7008.1A (Policy & Program Development),

9030.1F (Section 5307),

9040.1F (Section 5311),

9045.1 (Section 5317 New Freedom),

9050.1 (Section 5316 JARC),

9070.1F (Section 5310),

9300.1B (Capital Investment).

Generally Accepted Accounting Principles

Title VI of the Civil Rights Act of 1964 (42 U.S.C. Section 2000d)

Federal Transit Laws, as amended (49 U.S.C. Chapter 53 et seq.)

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601, et. seq.)

Department of Justice regulation, 28 CFR, subpart F

Joint FTA/Federal Highway Administration (FHWA) regulation 23 CFR part 771

Joint FTA/Federal Highway Administration (FHWA) regulation 23 CFR part 450

DOT Order 5610.2

Executive Order 13166

SCDOT State Management Plan, as amended

South Carolina Escheat Law, as amended