



DATE: April 29, 2022

TO: Kenney McDowell, Director of Engineering & Inspections

FROM: Internal Audit Division

SUBJECT: EB-5716 Holden Road/Lindsay Street Sidewalks Grant Review
(No Response Required)

The Internal Audit Division has completed a review of North Carolina Department of Transportation (NCDOT) Grant EB-5716. The purpose of the grant was to provide funding for sidewalk construction on Holden Road and Lindsay Street in Greensboro. The funds were allocated by the Federal Highway Administration (FHWA) and administered by NCDOT.

The final available amount of grant funds was \$1,220,411.00. As of March 31, 2022, total expenditures on the project are \$1,175,234.03.

The objectives of our review were to:

- Obtain copies of the Municipal Agreement and applicable contracts. Review the Municipal Agreement and contracts to identify allowable expenditures and guidelines.
- Test a sample of expenditures for the project to ensure that they are allowable according to the Municipal Agreement and contracts.
- Verify that invoices to NCDOT were calculated correctly and that amounts have been received.

Agreements

The Municipal Agreement is between the North Carolina Department of Transportation (NCDOT) and the City of Greensboro. The original amount of the grant was \$424,000.00 of Safe Routes to School funding. The grant noted the Transportation Improvement Program (TIP) number was EB-5716 and was dated January 5, 2015. The project was described as the construction of sidewalks along the west side of Holden Road from Spring Garden Street to south of Meadowview Street and along the west side of Lindsay Street from Bessemer Avenue south to the existing sidewalk north of Murrow Boulevard. The agreement funded construction only. Funding was noted as 100% of approved project costs up to a maximum of \$424,000.00. The contract stated the project should be completed within 3 years from the date of authorization of Federal Construction Funds. The contract was executed by NCDOT on June 3, 2016. The grant had been approved by City Council on March 14, 2016.

There were 2 Supplemental Agreements to the original contract. The first supplemental agreement was dated December 6, 2018. The purpose was to increase funding for the project, which was projected at a cost of \$1,276,409.00. The agreement provided \$681,927.00 of Transportation Alternatives Program funding, 80% of the increased project cost of \$852,409.00. The City was required to make a local match of 20%, estimated at \$170,482.00. The agreement was executed by NCDOT on March 11, 2019.

The Second Supplemental Agreement was dated December 4, 2019. The purpose was to increase the funding for the project. The agreement provided an additional \$114,484.00 of Transportation Alternatives Program funding and required an additional local match of \$28,621.00. The final

estimated project cost was \$1,419,514.00, with total funding of \$1,220,411.00 and a required local match of \$199,103.00. The agreement was executed by NCDOT on February 26, 2020.

The construction contract, dated May 21, 2019 was with Yates Construction Company, Inc. of Stokesdale, North Carolina. The contract amount was \$1,173,086.10. The project was noted as construction of approximately 5,100 square yards of sidewalks. The sidewalks were to be installed along Lindsay Street, starting at Bessemer Avenue and going south towards Murrow Boulevard. Sidewalks were also to be installed along Holden Road starting at Spring Garden Street and going south past Meadowview Street. Both sidewalks were to be on the west side of the street. The completion date was noted as 430 consecutive calendar days from the notice to proceed date. The notice to proceed date was subsequently noted as January 6, 2020.

Sampled Expenditures

We selected three items to review, for a total amount of \$904,765.90 or 77% of total grant expenditures as of March 31, 2022.

The first item was Estimate #1 from Yates Construction for construction between January 6, 2020 and February 29, 2020 in the amount of \$190,118.00. The second item reviewed was Estimate #2 from Yates Construction for construction between March 1, 2020 and March 31, 2020 in the amount of \$441,914.90. The final item reviewed was estimate #3 from Yates Construction for construction between April 1, 2020 and April 30, 2020 in the amount of \$272,733.00.

For the selected items, we reviewed the supporting documentation, agreed amounts to the construction contract on a test basis and recalculated amounts on a test basis. Supporting documentation appears proper and amounts appear to be allowable expenditures.

Reimbursements

As of March 31, 2022 total grant revenue is \$1,019,461.39. Amounts were received as follows:

<u>Date</u>	<u>Amount</u>
July 27, 2020	\$ 189,338.91
September 15, 2020	452.90
January 15, 2021	698,784.83
January 15, 2021	87,435.63
September 15, 2021	1,945.22
February 14, 2022	<u>41,503.90</u>
Total	\$1,019,461.39

We reviewed all cash receipt entries in Lawson for the items noted above.

We also reviewed two invoices to NCDOT that totaled \$888,123.74, or 87.1% of grant revenue. We reviewed invoice 2200285331 to NCDOT. The invoice was dated June 11, 2020 and was for \$189,338.91. We also reviewed invoice 2200288371 to NCDOT. The invoice was dated August 14, 2020 and was for \$698,784.83. We agreed items to Lawson financial amounts and recalculated amounts billed to NCDOT without exception. We noted the invoiced amounts agreed to the cash receipts noted above for these items.

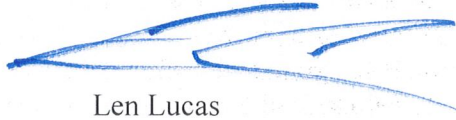
Amounts submitted for reimbursement appear to be calculated correctly and appear collected.

The local match as of March 31, 2022 is \$131,971.76. As of March 31, 2022, expenditures exceed revenue by \$10,008.72 and there is an encumbrance of \$5,130.47 for expenditures not yet paid.

We would like to thank the staff of the Engineering and Inspections Department for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at (336) 373-2230.



Garland Wells
Internal Auditor



Len Lucas
Internal Audit Director

cc: Larry Davis, Assistant City Manager