



DATE: May 24, 2023
TO: Larry Davis, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: EB-5518 Latham Park Greenway Grant Review
(No Response Required)

The Internal Audit Division has completed our review of the EB-5518 Latham Park Greenway Grant as administered by the Engineering & Inspections Department. Attached you will find our review report; the departmental response and our replies to their responses. We feel that our concerns have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas
Internal Audit Director

cc: Chris Wilson, Deputy City Manager
Kenney McDowell, Director of Engineering & Inspections



DATE: May 15, 2023

TO: Kenney McDowell, Director of Engineering & Inspections

FROM: Internal Audit Division

SUBJECT: EB-5518 Latham Park Greenway Grant Review
(Response Required by May 30, 2023)

The Internal Audit Division has completed a review of North Carolina Department of Transportation (NCDOT) Grant EB-5518. The purpose of the agreement was to fund an extension of the Latham Park Greenway. The funds were allocated by the Federal Highway Administration (FHWA) and administered by NCDOT.

The total amount of the grant funds provided was \$713,127.00. This included State of North Carolina Match funding of \$82,000.00. As of March 31, 2023, total expenditures on the grant are \$581,938.48.

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 service contracts.
- Verify that bills 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 \$450,000.00. This amount was comprised of \$328,000.00 of Surface Transportation Program Enhancement Bike (STP-EB) funds, \$40,000.00 of Surface Transportation Program Direct Apportionment (STP-DA) funds and \$82,000.00 of State Match funding. The grant noted the TIP # was EB-5518 and was dated July 23, 2013.

The project was described as the construction of a 10-foot wide asphalt paved multi-use greenway with a minimum of 2-foot wide grassed shoulders along Hill Street between Battleground Avenue and Mendenhall Street. The project also included removing one lane on Hill Street to accommodate the Latham Park Greenway. Funding was provided for the following items:

- Design
- Environmental Documentation
- Right of Way Acquisition
- Construction

The contract stated the project should be completed by August 31, 2016. The contract was executed by NCDOT on November 1, 2013. The grant had been approved by City Council on September 3, 2013.

There were 3 supplemental agreements to the original contract. The first supplemental agreement, dated June 8, 2018, extended the completion date to June 30, 2020. The second supplemental agreement, dated February 27, 2020, increased the funding for the project. The third supplemental agreement, dated April 21, 2021, increased funding for the project and extended the completion date to September 30, 2021. Final funding for the project was comprised of:

<u>Source</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
STP-EB	\$328,000.00	\$82,000.00	\$ 0.00	
STP-DA	40,000.00	0.00	10,000.00	
TAP	55,025.00	0.00	13,757.00	
TAP	<u>208,102.00</u>	<u>0.00</u>	<u>52,025.00</u>	
	631,127.00	82,000.00	75,782.00	\$788,909.00

The construction contract for the Latham Park Greenway EB-5518 project, dated March 31, 2020 was with Atlantic Contracting Company, Inc. of Greensboro, North Carolina. The project description was approximately 6,077 square yards of greenway trail installation, safety and guardrails, curb ramps, storm drainage and roadway improvements at the intersection of West Smith Street and Hill Street. The greenway trail and curb ramps were to be installed along the north side of Hill Street from North Mendenhall Street to Battleground Avenue. The contract amount was \$473,774.00. The completion date was noted as 360 consecutive calendar days from the notice to proceed date. The notice to proceed date was subsequently noted as June 15, 2020.

Sampled Expenditures

We reviewed two items that had \$360,993.00 charged to the grant, representing 62% of total expenditures. The first item was Estimate #1 from Atlantic Contracting Company for construction between June 15, 2020 and August 31, 2020 in the amount of \$216,915.25.00 (all charged to the grant). The second item reviewed was Estimate #2 from Atlantic Contracting Company for construction between September 1, 2020 and September 30, 2020 that had \$144,077.75 charged to the grant.

For both 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, 2023 Total Grant revenue is \$502,954.95. Federal Grant Revenue is \$410,289.08 and State Grant Revenue is \$92,665.87.

Finding:

The third supplemental agreement for this grant stated the maximum state funding was \$82,000.00. It appears some of the revenue classified as State Revenue was coded incorrectly.

Recommendation:

The Engineering & Inspections Department should work with the Financial and Administrative Services Department to investigate and correct this potential discrepancy.

We reviewed two invoices to NCDOT that totaled \$453,948.67 or 90.3% of grant revenue. We reviewed invoice 2200300141 to NCDOT. The invoice was dated June 10, 2021 and was for \$386,771.53. We also reviewed invoice 2200307051 to NCDOT. The invoice was dated December 21, 2021 and was for \$67,177.14. We agreed expense items to Infor financial amounts and recalculated amounts billed to NCDOT without exception. We verified both amounts to the Infor Receivables Transaction History Report. \$386,771.53 was posted on October 29, 2021 and \$67,177.14 was posted on February 25, 2022.

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

Note:

As of March 31, 2023, expenditures exceed revenue by \$42,325.18. There has been no activity in the grant financial accounts since that February 2022 cash receipt.

We would like to thank the staff of the Engineering and Inspections Department for their assistance and cooperation during this review. Please provide a written response by May 30, 2023. 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: Chris Wilson, Deputy City Manager
Larry Davis, Assistant City Manager



DATE: May 19, 2023

TO: Len Lucas, Director of Internal Audit
Garland Wells, Internal Auditor

FROM: Kenney McDowell, Director of Engineering & Inspections

SUBJECT: EB-5518 Latham Park Greenway Grant Review Response

Internal Audit Division conducted a review of the “EB-5518 Latham Park Greenway” Grant. A memo summarizing the outcome, finding and recommendation was dated and received on May 15, 2023.

The finding showed that some of the revenue classified as State Revenue was coded incorrectly.

Departmental Response:

We have reviewed the memo and agree with the findings of the review. We have submitted a journal entry request to the Financial and Administrative Services Department to move \$10,665.87 from the State Revenue grant account to the Federal Revenue grant account to correct this discrepancy.

Thank you for your review. If there are any questions concerning this response, please contact me.

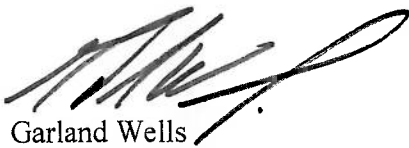
cc: Larry Davis, Assistant City Manager
Chris Wilson, Deputy City Manager



DATE: May 22, 2023
TO: Kenney McDowell, Director of Engineering and Inspections
FROM: Internal Audit Division
SUBJECT: EB-5518 Review Response

The Internal Audit Division has received your response to the EB-5518 Latham Park Greenway Review Report. We find the response sufficient and no further action is required.

We would like to thank your staff 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: Chris Wilson, Deputy City Manager
Larry Davis, Assistant City Manager