



DATE: February 9, 2024
TO: Larry Davis, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: FTA Cares Award Review
(No Response Required)

The Internal Audit Division has completed our review of the FTA Cares Award Agreement as administered by the Greensboro Transit Agency. 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: Taiwo Jaiyeoba, City Manager
Chris Wilson, Deputy City Manager
Reginald Mason, Transit Director
Bruce Adams, Public Transportation Manager



DATE: December 4, 2023

TO: Reginald Mason, Transit Director

FROM: Internal Audit Division

SUBJECT: FTA Cares Award Review
(Response Required by December 18, 2023)

The Internal Audit Division has conducted a review of the FTA Coronavirus Aid, Relief and Economic Security (CARES) award, which provided \$12,511,786.00 of funding to the City of Greensboro – Greensboro Transit Agency, with no local match required. The funding included \$79,874.00 to Guilford County - Transportation and Mobility Services (TAMS) as a sub-recipient.

The CARES Act authorized the Federal Transit Administration (FTA) to award a total of \$25 billion in Federal funding. The funding was to be provided at a 100% federal share with no local match and was to support capital, operating and other expenses to prevent, prepare for and respond to COVID-19. It was noted that operating expenses incurred beginning on January 20, 2020 were eligible, including operating expenses to maintain transit services, as well as paying for administrative leave for transit personnel due to reduced operations.

The objectives of our review were to:

- Obtain and review the agreement with the Federal Transit Administration (FTA) for guidelines and allowable expenditures.
- Review a sample of expenditures and verify that the expenditures have appropriate documentation and are within contractual guidelines.
- Verify amounts billed to the FTA were calculated correctly and have been received.
- Verify that FTA reports are complete, accurate and submitted by the applicable deadlines.

Agreement

The purpose of the award funding was to help respond to and recover from the Covid-19 pandemic. The funding was to be used for operating assistance and fuel expenses for the City of Greensboro/Greensboro Transit Agency (GTA) and capital expenses for sub-recipient Guilford County.

The award provided \$12,511,786.00 of Section 5307 funding. The award required quarterly reporting consisting of a Milestone Progress Report (MPR) and a Federal Financial Report (FFR). The period of performance was noted as January 20, 2020 to June 30, 2023. The contract awarded \$12,431,912.00 to GTA and \$79,874.00 to TAMS.

The final funding amounts are:

<u>GTA:</u>	
Preventative Maintenance	\$11,616,786.00
ADA Paratransit Service	300,000.00
Fuel Costs (FY 2020)	100,000.00
Fuel Costs (FY 2021)	414,193.00
Diesel Fuel Costs (FY 2024)	<u>933.00</u>
Total	\$12,431,912.00

<u>TAMS:</u>	
Support Equipment	\$71,924.00
Employee Training	6,000.00
Operating Assistance	<u>1,950.00</u>
Total	79,874.00

Expenditures

Total expenditures on the contract were \$12,511,786.00. We reviewed expenditures charged to the contract that totaled \$1,357,637.45 or 10.85 % of contract expenditures.

The first item reviewed was the Keolis invoice for the month of June 2020 that had \$1,307,342.68 charged to the contract. We reviewed the supporting documentation, agreed billing rates to the contract, recalculated amounts on a test basis and noted the invoice was properly approved.

The second item reviewed was reimbursement requests from Guilford County TAMS dated September 21, 2021 in the total amount of \$50,294.77. It was comprised of:

Driver Training Materials	\$ 6,975.00
Conference Table and Chairs	1,544.60
Samsung Galaxy Tablets and Accessories	3,239.47
21 Camera Systems	<u>38,535.70</u>
Total	\$50,294.77

We reviewed the supporting documentation, recalculated amounts on a test basis and noted the invoice was approved.

Finding:

The reimbursement request for the camera systems contained \$2,436.70 of sales tax.

Recommendation:

Sales taxes that will be reimbursed should not be submitted for grant reimbursement.

The supporting documentation for the reviewed items appears adequate and the expenditures appear to meet contract guidelines, except as noted above.

Reimbursements

Total award revenue was \$12,511,786.00. This represents 100% of total expenditures, which matches the amounts in the award document.

We reviewed two cash receipts that totaled \$8,705,855.00, which represents 69.6% of total award revenue. \$6,494,545.00 was posted on June 30, 2020. We recalculated the amount billed

and noted it appears correct. \$2,211,310.00 posted on February 26, 2021. We noted this amount agrees to the amount noted on the FFR for the period ended December 31, 2020. We reviewed the cash receipt entries in the Infor financial system for both these items.

Amounts appear properly calculated and received, as noted above.

Reporting


We reviewed the Federal Financial Report (FFR) and Milestone Progress Report (MPR) for two periods: (1) October 1, 2020 through December 31, 2020 and (2) April 1, 2023 through June 30, 2023. Copies of these reports were obtained from David Pegg, Grants Administrator.

We recalculated amounts on the reports and agreed amounts to Infor financial amounts without exception. The reports appear to have been submitted as follows:

<u>Period End</u>	<u>FFR Submitted</u>	<u>MPR Submitted.</u>
December 2020	January 27, 2021	January 27, 2021
June 2023	July 30, 2023	July 27, 2023

It appears the reports were complete, accurate and submitted by the applicable deadlines.

We would like to thank the staff of the Transit Department for their assistance and cooperation during this review. Please provide a written response to this report by December 18, 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: Taiwo Jaiyeoba, City Manager
Larry Davis, Assistant City Manager
Bruce Adams, Public Transportation Manager

To: City Internal Audit Division
From: Reginald Mason, Transit Director *RAM*
Date: January 31, 2024
SUBJECT: Response to: **SUBJECT:** FTA CARES Review Response

The City of Greensboro's Transit Department has reviewed the response dated December 18, 2023 from the City of Greensboro's Internal Audit Division in response to their original finding from their FTA CARES Audit Review.

Greensboro Transit staff offers the following response:

Finding: "Since these sales taxes *appear* (emphasis Transit Grant Analyst) to have been refunded to Guilford County, the sales taxes seem to meet the definition of "applicable credit" per Title 2, Part 200 of the Federal grant guidelines."

Recommendation: None given.

Response: GTA still holds the determination of 2 CFR 200.470 (a)(1), titled 'Taxes (including Value Added Tax)' - "Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs." Guilford County, being a sub-recipient of the City of Greensboro, was obligated to pay the vendor SEON, who was utilized through the North Carolina Department of Transportation's Integrated Mobility Division's Compliance & Procurement Branch's state contracts. The City of Greensboro reimbursed Guilford County for the reimbursement to this chosen vendor, making this an allowable expense for the CARES award as stated by the Super Circular for federal grant management under Subpart E: Cost Principles: 'General Provisions for Selected Items of Cost'. Further, the City of Greensboro's Audit Division states in their response "...these sales taxes appear to have been refunded to Guilford County..." under the auspices of 2 CFR 200.406. According to Guilford County's Financial Sr Analyst, Dale Krites, in an email dated 11/30/2023; Dale Krites asserts "...I received your request from Irma regarding the over reimbursement of state sales tax as indicated. I can trace the amounts back to the request and where we received the funds from the City of Greensboro. I do not see where we received any reimbursement from the state for the sales tax." The City of Greensboro's Transit Department holds that this reimbursement is an allowable cost under 2 CFR 200.470, regardless if such item meets the definition of an applicable credit, given the nature that Guilford County may or may not seek a reimbursement for this tax from the state of North Carolina.

Additional assertion: "...[T]he items in question do not appear to be items paid to a Guilford County contractor for contracted services, as stated in the reply."

Recommendation: None given.

Response: The term 'contractor' was used in the general sense to the same way a customer, upon purchasing any item from a vendor, having been given a receipt to show that transaction, enters into an agreement that can be generally deduced as a contract.

cc: Taiwo Jaiyeoba, City Manager
Chris Wilson, Deputy City Manager
Garland Wells, Internal Auditor
Len Lucas, Internal Audit Director
Bruce Adams, Transit Manager



DATE: February 5, 2024
TO: Reginald Mason, Transit Director
FROM: Internal Audit Division
SUBJECT: FTA Cares Review Response January

The Internal Audit Division has received your response to the FTA Cares Review Report. We find the response sufficiently addressed the finding in the review report and no further action is required.

Internal Audit would like to reiterate that any expenditure amount that will be reimbursed or refunded through other means should not be submitted for grant reimbursement. Based on the statement by Guilford County that they were not reimbursed the sales tax in question, it does not appear to be an issue with the FTA Cares grant item noted in the review report.

We would like to thank the Transit Department 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

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