Internal Audit Follow-Up Report

Grant Management Closeout Reporting

TxDOT Internal Audit Division
Objective
To assess the status of corrective actions for high-risk Management Action Plans (MAPs) previously communicated in the Grant Management Closeout Reporting audit report issued August 2017.

Summary Results
Testing consisted of an evaluation of three MAPs to determine if corrective actions were implemented as agreed.

<table>
<thead>
<tr>
<th>MAP Status</th>
<th>Comments</th>
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<tbody>
<tr>
<td>3 Closed</td>
<td>Corrective actions have been completed.</td>
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Scope
The engagement was conducted during the period from June 11, 2018 to July 27, 2018. The engagement focused on processes for 1) verification of local match documentation including additional training, annual reviews and annual on-site monitoring; 2) email notifications to Metropolitan Planning Organizations (MPOs) for annual submission of Annual Performance and Expenditure Reports (APERs); and 3) periodic billing reconciliation meetings to identify annual carry over funding amounts.

Methodology
The methodology used to complete the objective of this engagement included:
- Interviewed key Traffic Operations Division (TRF) and Transportation Planning and Programming Division (TPP) personnel including Transportation Fund Specialist, Systems Planning Section Director, and Resource Management Analyst.
- Reviewed training materials for inclusion of local match guidance and attendance lists for conducted trainings.
- Reviewed a judgmental sample of two Fiscal Year (FY) 2017 grants and the corresponding annual review of match requirements documented in eGrants.
- Reviewed three email notifications sent to MPOs for annual submission APERs.
- Reviewed communication of two quarterly billing reconciliations to ensure feedback was requested from MPO field coordinators.

Background
This report is prepared for the Texas Transportation Commission and for the Administration and Management of TxDOT. The report presents the results of the Grant Management Closeout Reporting Follow-Up engagement which was conducted as part of the FY 2018 Audit Plan.

Traffic Safety Grants
TRF manages the Texas Traffic Safety Program which identifies traffic safety problem areas and implements programs through grants to reduce the number and severity of vehicular crashes. Traffic Safety Program grants funding is a combination of federal, state, and local cost sharing (i.e. local match) with federal traffic safety funds primarily administrated and distributed by National Highway Traffic Safety Administration (NHTSA).
Traffic Safety grant project closeout begins when all required Performance Reports (PRs) and final Request for Reimbursement (RFR) have been received by the Traffic Operations Division Traffic Safety Section (TRF-TS). TRF must submit the Texas Highway Safety Annual Report to NHTSA by December 31 of each year, which includes ensuring that the state and local funds match at least 20 percent of the total (federal, state, and local) program expenditures.

**Metropolitan Planning Organizations (MPOs)**

TPP oversees the metropolitan planning (PL) program which provides financial assistance to 25 MPOs and their plans for the development, improvement, and effective management of multimodal transportation systems.

MPO planning grant closeout begins with the submission of final billing information and subsequent APER reporting to the Federal Highway Administration (FHWA). After all MPO final billing information has been processed, an annual PL program reconciliation is performed by TPP to reconcile program expenditures and determine remaining grant funding. Upon completion, TPP submits a formal request to FHWA to de-obligate the total remaining grant funding from the previous federal fiscal year to the current federal fiscal year. Once approved, the remaining balances for each MPO are released for use by the MPO through work authorizations issued by TPP.

We conducted this follow-up engagement in accordance with Generally Accepted Government Auditing Standards and in conformance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our engagement objective. Recommendations to mitigate risks identified were previously provided to management during the original engagement to assist in the formulation of the management action plans referenced in this report. The Internal Audit Division uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework version 2013.
# Detailed MAP Follow-Up Status

## MAP Status: Closed
Corrrective actions have been completed.

### Original Audit Finding No. 1: Verification of Local Match Amounts
**MAP Owner:** Terry Pence, Traffic Safety Section Director, TRF

**MAP 1.1:** Traffic Operations Division Traffic Safety Section (TRF-TS) will conduct training and work with TRF-TS staff to ensure appropriate match documentation is submitted throughout the year. In addition, the TRF compliance monitor will continue to include review of local match requirements as part of the annual review of selected grant projects. If necessary, due to volume of supporting documentation TRF-TS staff will conduct an on-site monitoring visit at the conclusion of the grant period, prior to the final reimbursement being processed for payment, to review any documentation that may not have been uploaded into eGrants.

**Original Completion Date:** December 15, 2017  
**Actual Completion Date:** October 4, 2017

### Original Audit Finding No. 2: Timeliness of Grant Reporting
**MAP Owner:** Peggy Thurin, Systems Planning Section Director, TPP

**MAP 2.1:** The Transportation Planning and Programming Division (TPP) will begin sending email reminders to the Metropolitan Planning Organizations (MPOs) alerting the MPOs of the December 15th Annual Performance and Expenditure Report and the Annual Project Listing required deadline. Reminders will be sent by TPP to the MPOs three times between October and December 10th of each year.

**Original Completion Date:** January 15, 2018  
**Actual Completion Date:** December 4, 2017

### Original Audit Finding No. 3: TPP Grant Closeout Reconciliation
**MAP Owner:** Peggy Thurin, Systems Planning Section Director, TPP

**MAP 3.1:** Effective June 30, 2017, the Transportation Planning and Programming Division (TPP) will begin monthly billing reconciliation meetings between the Metropolitan Planning Organization (MPO) field coordinators and staff from the TPP Business Operations Section. These meeting will include the review of current billings as well as the review of reimbursements to ensure any issues or discrepancies are addressed. The goal of the reconciliation meetings will be to ensure carry over funding amounts are identified by April in order to maximize the time frame in which the MPOs have to use the funding within the current fiscal year.

**Original Completion Date:** April 15, 2018  
**Actual Completion Date:** June 28, 2018
Closing Comments
The results of this MAP Follow-Up engagement were provided to the Traffic Operations Division Traffic Safety Section and Transportation Planning and Programming Division Directors on August 14, 2018. The Internal Audit Division appreciates the cooperation and assistance received from the Traffic Operations Division Traffic Safety Section and Transportation Planning and Programming Division personnel during this engagement.