



Georgia Department of Audits and Accounts Performance Audit Division

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Why we did this review

This follow-up review was conducted to determine the extent to which the program addressed recommendations from our November 2015 performance audit (Report #15-09).

The 2015 performance audit examined transit program operations to determine if management practices were sufficient to ensure transit needs were met and if the completion of grant tasks was timely and thorough. The audit concluded that the program should undertake broader planning efforts to better align funding with statewide needs. In addition, increased controls were required to ensure sufficient monitoring and timely grant administration.

About the Transit Program

The mission of GDOT's Transit Program is to "identify and support cost-effective, efficient and safe transportation systems." To achieve its mission, the program administers Federal Transit Administration (FTA) grants, most of which are directed to rural and small urban areas of the state to assist with the planning, operating, and capital costs of their public transit systems.

According to the most recent data from the National Transit Database, Georgia has 79 rural transit systems that operate 470 vehicles and provide over 1.7 million passenger trips. In addition, Georgia has six small urbanized transit systems that operate 120 vehicles and provide over 4.4 million passenger trips.

Follow-Up Review Transit Program

Progress has been made, but work remains to fully address audit findings

What we found

The Georgia Department of Transportation's (GDOT) Transit Program has taken steps toward assessing transit needs; however, the program has made limited progress regarding statewide transit planning and the development of key management tools. In the area of grant administration, the program has made notable strides to address audit findings.

The program, which primarily works with rural and small urban areas, has taken preliminary steps toward a comprehensive needs assessment, but work remains to fully address statewide transit planning recommendations. The original audit found there was no comprehensive approach to ensuring the availability of transit services statewide. Moreover, the program lacked the tools necessary to take such an approach including a process for regularly assessing transit needs and a statewide transit plan that documented needs, priorities, goals, and strategies. Since the audit, the program has collected but not reviewed data prepared for the needs assessment. Similarly, the program has drafted but not finalized a scope of work for a statewide transit plan. According to program staff, statewide planning efforts were delayed in an effort to coordinate with the House Commission on Transit Governance and Funding, whose work may help inform the statewide transit plan. The commission's final report is due at the end of 2018.

Other findings pertaining to program evaluation and strategy remain mostly unaddressed, as the program has tied their completion to the development of the statewide transit plan. The original audit found that the program focused primarily on grant administration and therefore did not have performance measures

that targeted specific transit outcomes. In addition, the program had a goal to expand public transit to one additional county every year, but no strategy to support its achievement. Program staff indicated that they plan to leverage information gleaned from the statewide planning process to address these findings. In the interim, the program has taken steps to broaden eligibility for transit grants to include nonprofit organizations in an effort to ease the difficulty local jurisdictions may have in starting transit systems in-house.

In our original report, we recommended several policy changes including an update to the program's outdated policies and procedures for administering FTA grants (known as the state management plan), revision of the program's rural funding methodology to ensure fair and equitable allocations of federal funds, and clarification of redistribution and set-aside policies for small urban grant funds. In response, the program developed a new performance-based funding methodology for rural grants. In 2018, the program began redistributing unused small urban grant funds according to its documented policy (a policy that the previous audit found was published but unused). While the program has continued to update the state management plan, more work is required to complete updates to this document and its companion administrative guides.

The original audit found that the program did not complete key grant administration tasks in a timely manner such as distribution of applications to sub-recipients, vehicle procurement, contract execution, and expenditure of federal funds. Since the report's release, the program has taken action to improve the timeliness of grant activities.

- The program distributed grant applications to sub-recipients on time in fiscal years 2016, 2017, and 2018 resulting in on-time submittal of its applications to FTA.
- The program diversified vehicle vendors to mitigate the impact of procurement delays caused by a single vendor.
- The program launched an electronic contract execution process, eliminating delays caused by traditional mail. In addition, the program monitors the status of contract executions daily and via quarterly comparisons to established performance targets.
- The program created performance measures to track and monitor the timely obligation and expenditure of federal funds, though additional work is required in this area to ensure expeditious expenditure of open intercity bus grants.

Many of the same management challenges that existed at the time of the original audit remain. According to program staff, the program remains understaffed given the large number of sub-recipients it manages. In October 2016, GDOT approved a staff expansion and reorganization for the transit program. The program has filled some of these positions, but as of January 4, 2018, approximately one quarter of the positions were vacant. In addition, the recent departure of its Transit Manager marks the second time this position has been vacant within the last three years. Lack of staff continuity and high workloads could result in a lack of momentum, leaving little time and stability to support broader planning efforts.

GDOT's Response: GDOT did not indicate its agreement or disagreement with the current status of the findings as presented. However, it provided points of clarification and technical corrections that were incorporated in the final report.

The following table summarizes the findings and recommendations in our 2015 report and actions taken to address them. A copy of the 2015 performance audit report 15-09 may be accessed at <http://www.audits.ga.gov/rsaAudits>.

Transit Program Follow-Up Review, May 2018	
Original Findings/Recommendations	Current Status
<p>The Transit Program should focus its efforts on assessing transit needs across the state. In addition, the program should develop a statewide transit plan that outlines strategies for meeting the identified needs.</p> <p>We recommended that the program develop a process for regularly assessing transit needs statewide. We also recommended that the program develop a statewide transit plan that highlights transit needs, establishes goals, identifies strategies for expanding coverage, and addresses funding issues.</p>	<p>Partially Addressed – The program started compiling data for an assessment of transit needs in rural and small urban areas, but it has yet to review the data and develop a statewide plan.</p> <p>Since the original audit, the program contracted with the Georgia Institute of Technology (Georgia Tech) to perform data collection and analysis that will inform the program’s transit needs assessment. Georgia Tech used information from the national transit database to conduct analyses of current services such as system usage (e.g., ridership and trips), financial and operational performance of small urban and rural systems, and mapping of intercity bus services. In addition, Georgia Tech mapped demographics that affect transit demand (e.g., percent of elderly population) and updated population projections to identify areas trending towards a rural to urban transition. Staff have yet to review Georgia Tech’s work to identify transit needs and priorities.</p> <p>The program has drafted a scope of services describing the work to be undertaken to develop a statewide transit plan, but has not finalized the details. Program staff said that statewide transit planning has been delayed in an effort to work with the House Commission on Transit Governance and Funding. The commission hired Deloitte to research ways to improve transit in Georgia including operations, governance, funding, and regulatory or policy changes. Commission progress to date has focused mainly in metro Atlanta, but rural and other urban transit systems are included in Deloitte’s research plan. According to program staff, the rural portion of the commission’s research is underway and the program is working with Deloitte to provide the necessary data. The commission’s final report is due at the end of 2018, but could be as late as December 2019, if provided an extension.</p>
<p>The program should refine its goals, objectives, and performance measures so management can better assess outcomes, identify areas for improvement, and focus resources where needed.</p> <p>We recommended that the program consider establishing goals and objectives that reflect the broader purpose of the grant. We also recommended that the program consider establishing additional performance measures tied to goals and objectives. The program should track its performance and use this information to guide policy and funding decisions.</p>	<p>Not Addressed – The program has not established outcome-based goals, objectives, and performance measures.</p> <p>As noted in the original audit, the program has primarily tracked the completion of administrative tasks rather than the achievement of specified transit outcomes. According to program staff, the program began tracking new performance measures in fiscal year 2015 with the help of GDOT’s Office of Performance Management; however, these measures focus on administrative tasks rather than desired outcomes. For example, the measures track the expenditure of state and federal funds as well as the extent to which projects are completed on time and within budget. According to program staff, outcome-based goals, objectives, and performance measures will be a product of the statewide transit planning process.</p>

Transit Program Follow-Up Review, May 2018

Original Findings/Recommendations	Current Status
<p>The program should implement a strategy for expanding public transit services to the areas that currently lack service.</p> <p>We recommended that the strategy include routine, active contact with non-participating counties and small urban areas to provide education about the grants and assist in overcoming barriers. We also recommended that the program consider enhancing collaboration with the regional commissions to explore options for expanding transit. The program should monitor its progress.</p>	<p>Partially Addressed – While the program has not developed a comprehensive strategy to expand public transit to rural and small urban areas that lack service, it broadened eligibility to remove barriers to expansion. Efforts to engage non-participating counties have continued on an ad hoc basis.</p> <p>According to program staff, a formal expansion strategy will be part of the statewide transit plan, which has yet to be developed. In the absence of a formal strategy, the program expanded sub-recipient eligibility to include nonprofit transit providers. With the support of the local jurisdiction and regional commission, these newly eligible providers can apply to GDOT for transit grant funding. These providers supply the local matching funds, thus eliminating a common barrier that prevents local jurisdictions from starting a public transit system.</p> <p>Since the original audit, public transit expansions have been limited, but aided by the program’s eligibility expansion. Carroll County joined the regional transit system available via the Three Rivers Regional Commission, reducing the total number of counties in the state without transit from 37 to 36. Small urban areas without a public transit system have remained the same (five areas are without transit); however, two areas have applied for fiscal year 2019 funding to start public transit systems, one of which is a private not-for-profit applicant.</p> <p>Despite the lack of a formal strategy, the program noted that staff participate in regional coordinated transportation meetings hosted by the Department of Human Services. In addition, program staff are available to answer local jurisdictions’ questions about transit program requirements and options for providing public transit. However, these activities do not ensure consistent, active engagement with all non-participating areas. In addition, the program reported active engagement with the regional commissions at the organization’s annual conference as the organizer and presenter of a session about the state’s rural transit program.</p> <p>It is important to note that external factors play a significant role in transit expansion. Local jurisdictions may not embrace public transit due to difficulty generating matching funds or the belief that transit is not a need. To be successful, the program needs local jurisdictions to be willing partners in transit expansion. The program should actively engage non-participating counties on a regular basis so it can help remove barriers and expand transit when local circumstances change.</p>

Transit Program Follow-Up Review, May 2018	
Original Findings/Recommendations	Current Status
<p>The program should consider revising its funding process for the rural grant to better ensure a fair and equitable allocation of funds.</p> <p>We recommended that the program consider several factors in revising its funding methodology including transparency, ease of implementation, consistent treatment of sub-recipients, and the impact on areas with minimal or nonexistent transit services.</p> <p>We also recommended that the program document its funding methodology in the state management plan and periodically revise it to ensure it is distributing funds in a fair and equitable way.</p>	<p>Fully Addressed – The program revised its rural grant funding methodology to take a performance-based approach and applied this method to its fiscal year 2018 allocations.</p> <p>In fiscal year 2017, the program worked with Georgia Tech to revise its funding methodology. Using industry research, the program and Georgia Tech developed a new method incorporating metrics that account for transit system characteristics (e.g., trips per vehicle, population in poverty) and performance (e.g., cost per trip, cost per vehicle). The program then scored the systems’ metrics to determine if they will receive more or less funding. For example, systems with a higher percentage of population in poverty receive more funding.</p> <p>The program elected not to include the methodology in its state management plan (SMP) because staff anticipate further efforts to simplify and adjust it. The program should continue its work to revise and improve the methodology, ensuring that its methods are transparent to sub-recipients.</p>
<p>The program should formalize its procedures for re-distributing urban grant funds and clearly communicate this process to all eligible sub-recipients.</p> <p>We recommended that the program clarify its procedures for redistributing funds among small urbanized areas and formalize procedures allowing areas without transit to set aside funds. The program should document these procedures and communicate them to sub-recipients.</p>	<p>Partially Addressed – The program is currently applying the redistribution process documented in its SMP to small urban grant applications for fiscal year 2019 funding; however, it has not formalized procedures for setting aside funds.</p> <p>At the time of the original audit, the program redistributed small urban grant funds based on the amount requested by sub-recipients rather than the formula reported in the SMP. As of 2018, the program has started applying the SMP policy to applications for fiscal year 2019 funding.</p> <p>The program has not developed formal procedures for small urban areas without transit systems to set aside funds. At the time of the original audit, there was no formal policy outlining how and under what circumstances sub-recipients could request their Federal Transit Administration (FTA) apportioned funds be set aside for future use, but two small urban areas were allowed to do so. According to program staff, it is important to provide sub-recipients a reasonable time to access funds apportioned to them by FTA and an updated policy is forthcoming.</p>
<p>The program should better ensure that it is obtaining and utilizing all available federal funds in a timely manner.</p> <p>We recommended that the program implement controls to better ensure that funds are applied for and expended in a timely manner.</p>	<p>Partially Addressed – The program improved monitoring of federal fund expenditures, increased the efficiency of rural funding allocations, and identified a significant project on which to spend aging intercity bus funds; however, additional action is required to ensure systematic improvement to the timely expenditure of open intercity bus grants.</p> <ul style="list-style-type: none"> <i>Performance measures</i> – As previously noted, program staff stated that performance measures were created in fiscal year 2015 to monitor the obligation and spending of federal funds. Staff designed the measures to ensure that the program obligates and spends roughly the amount of federal funds awarded each year. Program staff meet quarterly with the commissioner to review the program’s progress in meeting established targets. According to the program’s

Transit Program Follow-Up Review, May 2018	
Original Findings/Recommendations	Current Status
	<p>quarterly report, the program met federal fund obligation and expenditure targets in fiscal year 2017.</p> <ul style="list-style-type: none"> <i>Funding methodology</i> - The program has taken steps to increase the efficiency of rural grant funding allocations by revising the funding methodology to reduce unused balances. The new methodology adjusts allocations based on a combination of system characteristics and performance metrics. According to program documents, a sample of sub-recipients with stable spending patterns were chosen to test the methodology. The results showed that allocations were more closely aligned with sub-recipient costs, reducing the amount of unused funds returned to the transit program. <i>Intercity bus project</i> – Following a call for intercity bus projects in February 2016, the program awarded approximately \$11 million to Greyhound to build a new intercity bus terminal in Atlanta. <p>An examination of available grant funding and open projects showed that while the program is committed to drawing down all available federal funds, greater efforts are needed to move lingering amounts on open intercity bus grants. During the original audit, we identified available bus/bus facility grant funds that were set to lapse in 2016 and 2017. The program identified projects and applied for the funds, therefore avoiding any lapsed grants. However, the program continues to retain balances on grants from previous years. As of October 2017, the program had 25 open projects dating back as far as 2010. At the time of the original audit, open rural grants from 2011 and 2012 had a balance of nearly \$12 million reserved for intercity bus services of which approximately 40% remained unobligated as of October 2017. According to program staff, these funds will go towards the design and construction of the Greyhound intercity bus terminal in Atlanta.</p> <p>While the Greyhound bus station is a significant capital project that will spend lingering intercity bus funds, the program has not taken actions that would promote systematic improvement to the timeliness of expenditures. For example, a needs assessment could help identify priority projects where funds could be spent more expeditiously. According to program staff, an assessment of intercity bus needs is part of the state transit planning scope of work.</p>
<p>The program should better ensure that key grant administration processes are carried out in a timely manner.</p> <p>We recommended that the program monitor the timeliness of grant activities and identify areas for improvement. We cited specific grant activities that would benefit from additional controls and oversight including grant application distribution, the vehicle procurement process, and contract execution.</p>	<p>Fully Addressed – The program has taken steps to improve the timelines of grant activities. Program data shows improvement in application distribution and vehicle procurement, however, the program should continue to monitor contract execution to ensure the adequacy of goals and activities undertaken to promote timeliness.</p> <ul style="list-style-type: none"> <i>Application distribution</i> - Our review determined that the program achieved timely distribution of applications for the rural and small urban grant programs in fiscal year 2016, 2017, and 2018. Staff distributed grant applications on or within a few days of the established dispersal date. Timely application distribution in fiscal year 2016 and 2017 resulted

Transit Program Follow-Up Review, May 2018

Original Findings/Recommendations	Current Status
	<p>in timely application submittals to FTA in both years. The fiscal year 2018 deadline has not yet occurred.</p> <ul style="list-style-type: none"> <p><i>Vehicle procurement</i> - Since the original audit, on-time vehicle delivery has remained about the same with 2-3% of vehicles delivered by the deadline. However, average days late decreased by 86% from 237 days to 32 days. It is important to note that the program changed its delivery timeframe from 120 days to 150 days; however, the data shows significant improvement regardless of this change. According to program staff, the delivery time adjustment reflects a more realistic timeframe.</p> <p>As during the original audit, manufacturer issues caused vendor delays. The program kept abreast of the situation through regular contact with the vendor. Furthermore, the program has moved to contracting with multiple vendors to avoid delays caused by any one vendor.</p> <p><i>Contract execution</i> – The program has taken steps to enhance timeliness and monitoring of contract execution, but has had difficulty meeting timeliness goals due to a variety of factors. In 2017, the program began using electronic contract execution, therein eliminating delays caused by traditional mail. The program enhanced monitoring in two key ways. First, the program tracks contract execution as a performance measure and reviews its progress quarterly compared to an established target. Second, the program monitors and updates the status of contracts daily in a centralized spreadsheet.</p> <p>Despite the program’s progress, it was unable to meet its contract execution goal in fiscal year 2017. Per the program’s goal, most contracts should be executed in the first quarter (89%), however only 8% were executed during this time in fiscal year 2017 (a decrease from the 39% observed during the original audit). Most contracts in fiscal year 2017 were executed in the second quarter (89%). Furthermore, the program is not on track to meet its goal in 2018 with 19% of contracts executed in the first quarter.</p> <p>According to program staff, contract execution delays were the result of factors beyond their control. In fiscal year 2017, staff experienced a significant workload increase when a vendor reneged on a contract requiring the program to execute 52 additional supplementary agreements to account for the replacement vendor’s price differential. Furthermore, the program experienced delays associated with the new electronic contract execution process. And, in fiscal year 2018, the program did not receive the federal funding required for contract execution until August. The program should continue its contract monitoring efforts and consider examining the reasonableness of its performance goal.</p>

Transit Program Follow-Up Review, May 2018	
Original Findings/Recommendations	Current Status
<p>The program should improve controls to better ensure that sub-recipients are in compliance with regulations.</p> <p>We recommended that the program continue efforts to update its state management plan and administrative guides to incorporate current state and federal guidance. We recommended that the program improve oversight of public transportation coordinators to ensure sub-recipient monitoring activities are completed in a thorough and timely manner. We also recommended that the program continue to resume sub-recipient compliance reviews, including a review template, schedule, and controls to ensure findings are resolved in a timely manner.</p>	<p>Partially Addressed – The program has continued to update its policies and bolster compliance efforts, but more work is required to ensure adequate oversight of sub-recipients.</p> <ul style="list-style-type: none"> • <i>Policy update</i> - The program has continued but not completed updates to its state management plan (SMP) and administrative guides. Staff released a draft for public comment in January 2018, but have since decided it requires additional changes. The program will release the draft for public comment a second time when the changes are complete. Updates to administrative guides are not complete, but with additional contract support, program staff expect to complete these updates by the end of April. • <i>PTS oversight</i> – The program has made organizational changes that provide more management oversight of public transportation specialists (PTS)¹, but changes have yet to demonstrate a positive impact. In mid-January 2018, the program hired a delivery manager who provides greater oversight of the PTSs. The program also created a training plan for transit employees; however, the content focuses on establishing the necessary knowledge base (e.g., federal laws and requirements) rather than outlining internal expectations that would encourage timely and thorough task completion. • <i>Compliance reviews</i> – The program has continued existing compliance activities and made new additions, but the program’s compliance review schedule lacks clarity. <p>Program staff confirmed that sub-recipients addressed corrective action plans from 2015 small urban compliance reviews in a timely manner and staff conducted risk assessments of rural sub-recipients in 2017. In addition to routine compliance activities, the program collaborated with GDOT’s Office of Audits in 2016 to conduct agreed-upon procedures of selected sub-recipients. The program also developed a sub-recipient training plan to provide local jurisdictions with the knowledge required to operate a transit program.</p> <p>While compliance efforts have continued, the program has yet to clarify policies that ensure it conducts comprehensive reviews at regular intervals. As during the original audit, the SMP outlines a review schedule based on sub-recipient risk levels but contains conflicting information about whether high-risk sub-recipients receive reviews on an annual or three-year basis. The program does not maintain a schedule of upcoming compliance reviews based on risk level. The absence of such a tool allows schedules to become irregular. According to program staff, compliance review policies will be clarified prior to the draft SMP’s second public comment period.</p>

¹ During the original audit, PTSs were known as public transportation coordinators (PTCs).

Transit Program Follow-Up Review, May 2018	
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<p>The program should implement a grants management system to improve efficiency and enable program management to better monitor the various aspects of grant administration.</p> <p>We recommended that the program consider implementing a system that would automate the grant application process, track monitoring and compliance activities, and enhance asset management. In addition, we suggested that integration with financial systems and transit scheduling software could improve the reimbursement process and data reporting.</p>	<p>Not Addressed – The program has not implemented a grants management system.</p> <p>The original audit found that the program did not have a sufficient grant management system, leaving staff to manage the process via a combination of manual activities and the use of several separate data systems. Since then, the program has not acquired a new grant management system, but it has researched options used by other state departments of transportation. According to program staff, they are working on a scope of services.</p>
<p>Georgia differs from many other states in how transit grant administration responsibilities are split among state and local entities and in the limited state funding available for transit.</p> <p>No Recommendations</p>	<p>No Action Required</p>
<p>10 Findings</p>	<p>2 Fully Addressed</p> <p>5 Partially Addressed</p> <p>2 Not Addressed</p> <p>1 No Recommendations</p>

The Performance Audit Division was established in 1971 to conduct in-depth reviews of state-funded programs. Our reviews determine if programs are meeting goals and objectives; measure program results and effectiveness; identify alternate methods to meet goals; evaluate efficiency of resource allocation; assess compliance with laws and regulations; and provide credible management information to decision makers. For more information, contact us at (404)656-2180 or visit our website at www.audits.ga.gov.