



City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 1, 2024
TO: JAMES PARAJON, CITY MANAGER
THROUGH: ROBERT SNYDER, CHIEF INTERNAL AUDITOR 
FROM: KUSH PATEL, INTERNAL AUDITOR II 
SUBJECT: DRPT COMPLIANCE REVIEW FY20-FY22 (FS24-08)

Background

On February 15th, 2023, the Virginia Department of Rail and Public Transportation (DRPT) contacted the City of Alexandria's Transportation and Environmental Services (T&ES) Department to inform them that auditors from the SC&H Group would be conducting a compliance review for the period of July 1, 2019, to June 30, 2022. The compliance review would be performed for 16 of 33 grant payments made to T&ES during the time frame mentioned above. **The compliance review generated only one (1) instance of noncompliance.**

Findings

In one (1) of 16 sampled vouchers the auditors determined that the City included expenses that did not follow DRPT expense or travel reimbursement requirements. The travel expenses exceeded lodging rates set by DRPT guidelines for three (3) subcontractor trips paid by one of the vouchers. DRPT detailed the unallowable expenses in the report which ended up totaling \$10,047.51. DRPT made a recommendation to T&ES that they ensure that all future travel reimbursement requests follow General Services Administration (GSA) and DRPT guidelines when submitting travel reimbursement requests and that T&ES reimburse DRPT for the identified disallowed expenses. Of note, all unallowed expenses mentioned in the audit were discussed with DRPT staff prior to request for reimbursement which were deemed eligible and approved prior to submittal.

T&ES completed a corrective action plan and submitted it to DRPT on December 21, 2023, agreeing to integrate the regulatory guidance from the audit into T&ES business processes. To expand and improve grant management across the department, T&ES hired a grants coordinator in March of 2023, which has already shown increased synchronization amongst staff. T&ES fiscal staff will also hold internal meetings with transportation project management staff monthly, rather than quarterly, to enhance communication and coordination. Finally, on January 30, 2024, the City issued a check for \$10,047.51 to DRPT for the reimbursement payment.

Conclusion:

On January 25th, 2024, DRPT sent the City of Alexandria a letter stating that all of their requirements were fulfilled. Based on the Departments completion of the measures specified by DRPT we consider this engagement closed. The Office of Internal Audit (OIA) will notify Departments of the requirement to carefully review all expenditures for contractor travel paid for by Federal and or State funds to ensure that they comply with GSA contracted lodging rates. Should you have any questions, please contact me at internalaudit@alexandriava.gov or via phone at 703.746.4742.

Compliance Review

City of Alexandria – Department of Transportation and Environmental Services

Alexandria, Virginia

July 1, 2019 – June 30, 2022

Objective

The objective of the DRPT compliance review is to determine whether the City of Alexandria – Department of Transportation and Environmental Services (T&ES) has materially complied with the various agreements, policies, and procedures that govern the receipt of DRPT-controlled funding and to ensure, if applicable, that T&ES has properly implemented the Corrective Action Plan that they submitted as a result of the findings related to their fourth DRPT Compliance Review. It is the responsibility of the management of T&ES to ensure adherence to the various agreements, policies, and procedures that govern the use of funds received from DRPT.

Scope

DRPT performed a compliance review of grant payments made to T&ES between July 1, 2019 and June 30, 2022. We reviewed 16 of 33 payments made to T&ES during this time frame. See Appendix A for a detailed list of payments reviewed. These payments included Federal Highway Administration (FHWA) Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) funding as well as state funding for RSTP, CMAQ, Transportation Demand Management (TDM) Operating, and Capital projects. A review of transit vehicles was not performed during this review since T&ES contracts out the operation of their transit service to an outside vendor, Alexandria Transit Company (DASH), and DRPT performed a separate compliance review at DASH.

Our review was more limited than would be necessary to provide assurance on internal controls or to provide an opinion on overall compliance with laws and regulations. Due to inherent limitations in internal control and the limited basis of our test work, other errors, irregularities, or instances of noncompliance may have occurred and not been detected by our review. Additionally, projecting the results of this review is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

Conclusion

We found that T&ES materially complied with the requirements of the various agreements, policies, and procedures that govern the receipt of DRPT-controlled funding. We did find one instance of noncompliance that is described in the section titled, "Compliance Findings and Recommendations". A corrective action plan (CAP) submitted by T&ES's management that addresses the Compliance Review Finding is included in Appendix B of this report. The CAP includes the grantee's corrective action, responsible staff, and estimated completion date. The DRPT Program Manager is required to follow-up with the Grantee to ensure that the CAP has been implemented.

Compliance Findings and Recommendations

Ineligible Project Expenses

Finding: During our compliance review, we noted one sampled voucher included expenses that did not follow DRPT expense or travel reimbursement requirements.

T&ES's travel expenses exceeded US General Services Administration (GSA) lodging rates and DRPT expense guidelines for three subcontractor trips that were paid by DRPT project 47018-06, voucher 2067836. DRPT reimbursed T&ES 100% of submitted project expenses.

The disallowed expenses identified were attributed to the subcontractor's (Kimley-Horn and Associates) other direct costs (travel and personnel costs) as part of a Transit Analysis Study for the City of Alexandria. Subcontractor personnel performed site visits in Alexandria, VA in September 2018, November 2018, and August 2019.

The following tables detail the unallowable expenses in September 2018.

Table 1. September 2018 Hotel Expenses – Alexandria, VA

Description	Daily Charges	Number of Nights	Amount
Nightly Room Charge	\$257.94	2	\$515.88
GSA Approved Amount	\$250.00	2	\$500.00
Difference	\$7.94	2	\$15.88
Nightly Tax	\$38.65	2	\$77.30
Tax Rate	15%		15%
Tax Calculated for GSA Rate	\$37.46	2	\$74.92
Difference	\$1.19	2	\$2.38
Disallowed Travel	\$9.13		\$18.26

Table 2. September 2018 Other Expenses

Description	Travel/Receipt Dates	Amount
Alaskan Airlines Flight - Premium Class Seat	9/26/2018 - 10/2/2018	\$30.00
Valet Laundry Expense (included with hotel expenses)	9/26/2018 - 10/2/2018	\$36.50
Duplicate Meal Receipt	9/29/2018	\$23.54
TOTAL		\$90.04

Disallowed travel expenses for this trip totaled \$108.30 (\$18.26 + \$90.04).

Next, the following tables detail the unallowable expenses in November 2018.

Table 3. November 2018 Hotel Expenses – Alexandria, VA

Description	Daily Charges	Number of Nights	Amount
Nightly Room Charge	\$241.08	4	\$964.32
GSA Approved Amount	\$181.00	4	\$724.00
Difference	\$60.08	4	\$240.32
Nightly Tax	\$36.20	4	\$144.80
Tax Rate	15%		15%
Tax Calculated for GSA Rate	\$27.18	4	\$108.71
Difference	\$9.02	4	\$36.09
Disallowed Travel	\$69.10		\$276.41

Table 4. November 2018 Other Expenses

Description	Travel/Receipt Dates	Amount
Alaskan Airlines Flight - Premium Class Seat	11/4/2018 - 11/8/2018	\$30.00
Valet Laundry Expense (included with hotel expenses)	11/4/2018 - 11/8/2018	\$67.00
Unallowable Meal Expense (Alcohol)	11/5/2018	\$6.00
Unallowable Meal Expense (Alcohol)	11/4/2018	\$12.00
Unallowable Meal Expense (Alcohol)	11/7/2018	\$24.00
TOTAL		\$139.00

Disallowed travel expenses for this trip totaled \$415.41 (\$276.41 + \$139.00).

Lastly, the following table details the unallowable expenses in August 2019.

Table 5. August 2019 Other Expenses

Description	Travel/Receipt Dates	Amount
Alaskan Airlines Flight - Premium Class Seat	11/4/2018 - 11/8/2018	\$30.00
Valet Laundry Expense (included with hotel expenses)	11/4/2018 - 11/8/2018	\$58.00
Unallowable Meal Expense (Alcohol)	11/5/2018	\$12.00
Insufficient Support for Meal Expense	11/4/2018	\$27.95

Description	Travel/Receipt Dates	Amount
Insufficient Support for Meal Expense	11/7/2018	\$39.00
Insufficient Support for Meal Expense		\$24.94
TOTAL		\$191.89

Disallowed travel expenses for this trip totaled \$191.89.

Additionally, Kimley-Horn's invoices included other direct costs totaling \$15,775.18. The Grantee was able to provide support for \$6,443.27 but was unable to provide documentation for personnel charges of \$9,331.91.

Total unallowable costs attributed to this reimbursement request totaled \$10,047.51 (\$108.30 + \$415.41 + \$191.89 + \$9,331.91).

Per DRPT Grant Administration Procedures Section 6.3 Travel Reimbursements, DRPT will only reimburse travel expenses in accordance with and up to the state and federal approved rates for lodging, mileage and per diem amounts. The Commonwealth of Virginia uses the General Services Administration (GSA) rates for Lodging and Meals & Incidentals Expenses (M&IE). GSA guidelines provide that lodging taxes paid by the traveler are reimbursable as a miscellaneous travel expense limited to the taxes on reimbursable lodging costs.

Recommendation: T&ES must ensure all travel reimbursement requests follow GSA and DRPT guidelines when submitting travel expenses for reimbursement. T&ES must reimburse DRPT for the disallowed expenses totaling \$10,047.51.

Appendix A

City of Alexandria – Department of Transportation and Environmental Services Listing by Project of Payments Reviewed

Table 6. Payments Reviewed

Description	Project	Task	Fund	Total Payments Reviewed
FY2018 - RSTP and CMAQ	47018	3	401/472	\$155,297
FY2018 - Rideshare Enhancements RSTP	47018	4	401/472	\$24,791
FY2020 - Alexandria Transit Analysis Study RSTP	47018	6	401/472	\$59,719
FY2020 - Rideshare Enhancements RSTP	47020	4	401/472	\$50,752
FY2021 - CMAQ	47021	1	401/472	\$133,564
FY2019 - TDM Operating	71019	7	477	(\$54,405)
FY2020 - TDM Operating	71020	7	477	\$114,145
FY2021 - TDM Operating	71021	7	477	\$19,199
FY2019 - Capital	71319	8	477	\$945,177
TOTAL				\$1,448,239

Appendix B

City of Alexandria – Department of Transportation and Environmental Services Corrective Action Plan

Table 7. Corrective Action Plan

Finding	Corrective Action	Responsible Staff	Estimated Completion Date
Ineligible Project Expenses	<p>In addressing the audit findings, T&ES will integrate the regulatory guidance from this audit into its business processes to mitigate future non-compliance. The City of Alexandria is dedicated to working with DRPT to identify effective practices, job aids, and tools that can elevate its grant operations.</p> <p>T&ES divisions involved in these projects will enhance their coordination by increasing their meetings with the T&ES fiscal team from quarterly to monthly. This will ensure that all reimbursements comply with DRPT standards. The T&ES grants coordinator and fiscal staff are focused on improving standardization and collaboration across all grant programs, thereby bolstering oversight, effectiveness, and adherence to DRPT procedures.</p> <p>Additionally, the appointment of the new grants coordinator in 2023 signifies T&ES's commitment to reinforcing grant management. This role, with its comprehensive view of various state and federal grant programs, is crucial in ensuring that the City of Alexandria aligns with all DRPT grant guidelines. This appointment, coupled with improvements in internal processes established through a memorandum of understanding and revised reimbursement review procedures since the last audit in 2021, demonstrates T&ES's ongoing efforts to enhance its internal grant management capabilities.</p>	<p>Christopher Ziemann, Transportation Planning Division Chief, T&ES</p> <p>Philippe Simon, Grants Coordinator, Strategic Management Services, T&ES</p> <p>Alicia Wright, Fiscal Officer III, Strategic Management Services, T&ES</p> <p>Tarrence Mooror, Assistant Director, Strategic, Internal Services, T&ES</p> <p>Hillary Orr, Deputy Director of Transportation, T&ES</p>	01/31/2024