



INTERNAL MEMORANDUM

TO: Vida Morkunas
Manager, Capital Programming & Administration

DATE: July 20, 2011

FROM: Catherine Clark, Division Manager, Internal Audit & Review *cc*

RE: **Close-out Audit of the City of Chicago Mayor's Office of Workforce Development (MOWD) JARC Project (FTA Grant IL-37-X002)**

We have completed a review of the Capital Programming & Administration Division's administration of the MOWD JARC Project as described below. Our audit was planned and performed to obtain reasonable assurance that prior to the Capital Programming & Administration Division initiating the close-out process for the grant, compliance with relevant policies and procedures was followed.

Grant Audited

The Federal Transit Administration (FTA) issued FTA Grant IL-37-X002 to the RTA to fund the MOWD JARC Project, the last of the four projects under this grant. The primary purpose of this project was to assist low-income residents in the Quad Communities (QC) area with access to 2nd and 3rd shift opportunities in the City and suburbs. The QC refers to the Kenwood, Oakland, Douglas and Grand Boulevard community area in Chicago, IL. This JARC project provided transportation service for the residents of the Quad Communities area. The service consisted of CTA buses operating from 43rd and Lake Park, west on 43rd, south on Wentworth, east on 47th past the Red Line Station, North on LaSalle, east on 43rd to Oakenwald to 42nd to Berkeley to 43rd Street. The new extended service (CTA bus route number 43) operated from 7:00 p.m. to midnight, every twenty minutes, Monday through Friday. The MOWD (Recipient) entered into a Technical Services Agreement with the RTA on January 9, 2006 in the amount of \$300,000. The project utilized combined funding provided by the FTA's grant and RTA's Local Share Funds (see attached Schedule of Grant Costs Claimed). The MOWD entered into an Intergovernmental Agreement with the CTA to enable the CTA to implement this JARC project.

Audit Objectives

Our main objectives were to verify that the Recipient completed the project's Scope of Services in accordance with contractual and grant agreements and that the RTA received reimbursement of funds from the outside funding agency in accordance with the agreement with that agency.

Audit Scope

The scope of this audit included a review of the following:

- Documents relating to the requirements of the grant's administrative procedures.

- Supporting documentation applicable to the grant agreement between the FTA and the RTA and the Technical Services Agreement between the RTA and the Recipient.
- RTA's requests for reimbursement to the FTA and the supporting invoices submitted by the Recipient, which had been reviewed and approved for payment by the Project Manager.
- Payments which the RTA made to the Recipient.

Audit Task Performed

The specific tasks we performed during the audit were as follows:

1. Verified that the Scope of Services, included in the Recipient's agreement with the RTA, has been completed.
2. Verified a final invoice was received from the Recipient, which included backup documentation and a final report/product issued to the RTA.
3. Verified that the project stayed within the approved project budget when completed.
4. Verified that justification and proper concurrence were obtained for amendments regarding contract extensions, Scope of Services changes, and budget revisions.
5. Reviewed payments which the RTA made to the Recipient for the project, which included backup documentation from the Recipient, to ensure that:
 - Requests for payments were made for work that occurred on or after the effective date of the Technical Services Agreement.
 - Only reimbursable costs allowed under the terms of the agreement's Scope of Services were billed.
 - The Recipient's invoices were supported by properly approved supporting documentation (i.e. contractor's time records, record of travel expenses, overhead, etc.), and that their calculations were accurate.
 - The RTA made payments to the Recipient after proper internal approvals were obtained.
6. Verified that the RTA applied for proper reimbursement from the outside funding agency and that the RTA received the funds.

We have attached a Schedule of Grant Costs Claimed for the project which shows various numeric data such as the project budget amount, the FTA's share of the project budget, Recipient's contract amount, etc. The data shows that the RTA received reimbursement from the FTA for their portion of the grant.

Audit Conclusions

Based on our audit of the MOWD Job Access Program, we have concluded that the Recipient has completed the Scope of Services of the project in accordance with the amended contractual and grant agreements, and that the RTA has been fully reimbursed by the outside funding agency.

We did note the last invoice submitted by the MOWD was not properly labeled as the final invoice. The Progress Report submitted with the last invoice also did not provide adequate detail summarizing the status of the project. We spoke with the applicable RTA Planning staff

concerning these issues and was provided documentation where requests were made to secure more detailed information, but these requests were unsuccessful.

It is our recommendation the Capital Programming & Administration Division initiate the close-out process for this final portion of FTA Grant IL-37-X002.

Attachment

copy→ Joe Costello
Fluturi Demirovski
Grace Gallucci
Leanne Redden
Joe Voccia

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