



USDOT Office of Inspector General Audit of Federally Funded Projects

Transportation & Seattle Public Utilities Committee

March 21, 2023

Our Vision, Mission, Values, & Goals

Seattle is a thriving equitable community powered by dependable transportation. We're on a mission to deliver a transportation system that provides safe and affordable access to places and opportunities.

Core Values & Goals:

Equity, Safety, Mobility, Sustainability, Livability, and Excellence.



Presentation Purpose

Provide an overview of the purpose and key findings of an audit performed by the USDOT's Office of Inspector General to **assess federal oversight** of the City's use of federal dollars for transportation projects, and review highlights of the City's response.



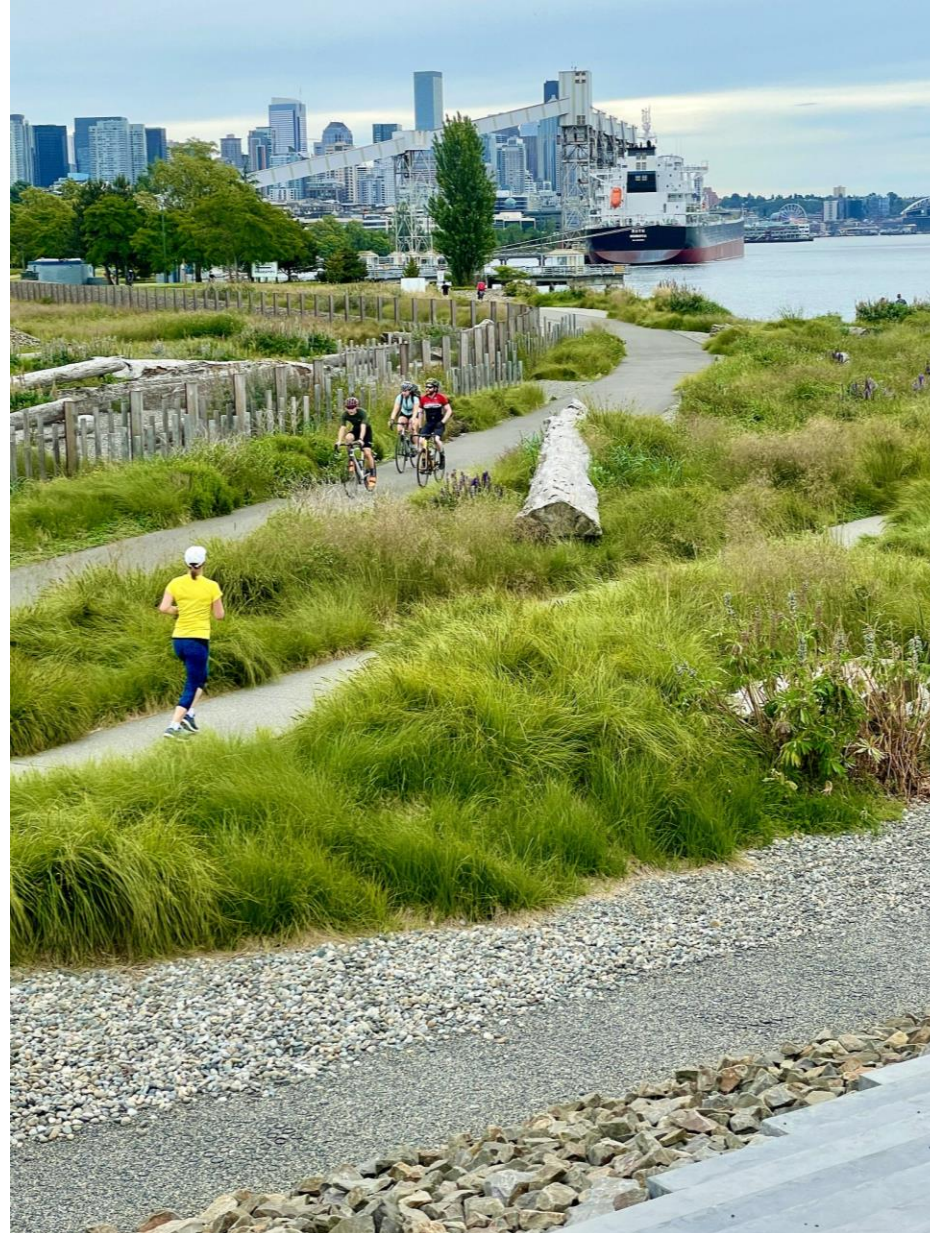
DOT's Oversight Is Not Sufficient To Ensure the City of Seattle Meets Requirements for Managing Federal Transportation Funds

Self-initiated

Office of the Secretary of Transportation | ZA2023014 | February 1, 2023

Presentation Outline

- Key takeaways
- Background
- SDOT's response
- Best practices
- What's next?
- Q&A



Key Takeaways

- The audit represented a routine action by the OIG
- Recommendations were directed to USDOT, not the City
- SDOT identified and implemented business process improvements prior to the audit
- SDOT can defend actual and planned use of all federal funding awards
- The City remains competitive for federal transportation funding opportunities, as reflected in recent awards



Background - audit overview

- Audit objective: Assess USDOT's oversight of federal funds received by SDOT
- Scope and period: \$259.8 million of City of Seattle grants and cooperative agreements with activity in federal fiscal years 2014-2019
- a
- Agencies reviewed:
 - Federal Highway Administration (FHWA)
 - Federal Railroad Administration (FRA)
 - Federal Transit Administration (FTA)
 - Washington State Department of Transportation (WSDOT)
 - Seattle Department of Transportation (SDOT)
 - Seattle Center Monorail
- Number of grants/agreements encompassed: 86
- Number of projects involved: 46



Background – key outcomes

- Key Findings: Weakness in the federal agencies' oversight regarding four aspects of grant management:
 - 1) execution of change orders
 - 2) project cost estimates and contingency amounts
 - 3) tracking federal funds through grant lifecycle
 - 4) monitoring funding transferred from one federal agency to another
- 14 recommendations to improve USDOT's management and oversight of federal funds provided for SDOT projects
- OIG considers recommendations resolved, but open pending completion of planned actions by federal agencies



Background - other findings

- Some findings and recommendations pertain to WSDOT's oversight and business practices, as the local pass-through agency
- Other findings and recommendations relate specifically to SDOT:
 - sufficiency of grant tracking practices and adequacy of controls during the review period (2014-2019), including execution of change orders
 - specific circumstances with key projects (Lander St. Overpass, First Hill Streetcar Broadway Connector proposal, Center City Connector Streetcar)
- One finding has to do with reporting capabilities in the City's accounting and financial management system, PeopleSoft 9.2



SDOT's Response

- The audit looked at projects from 2014-2019, and SDOT had made the OIG's recommended improvements before learning of the audit in 2019
- All supporting documentation for project costs billed to federal grants and agreements exists and is available to be shared with the OIG and USDOT agencies



- SDOT followed all guidelines provided by WSDOT and USDOT agencies regarding project changes and communicated openly and regularly with them
- SDOT remains committed to ensuring all federal funding is used appropriately, efficiently, effectively and meets the intent and purpose of the grant/funding agreement

Of Note

- The FTA's most recent Triennial Review of SDOT, completed in 2020, found no deficiencies
- USDOT agencies continue to award and allocate funds to SDOT including nearly \$60 million for Madison Bus Rapid Transit, \$37.7 million for West Seattle Bridge repairs, and \$25.6 million for street safety projects
- On March 9, SDOT learned the FTA formally allocated \$60.13 million in Capital Investment Grant (CIG) funding to SDOT's RapidRide J Line project



SDOT's Best Practices in Grant Oversight - examples



Regular Communications with Key Partners

- Monthly meetings with FTA Region 10 staff, traditionally focused on active projects but expanding to include regular touch-points on paused projects
- Quarterly check-ins with WSDOT on all FHWA-funded projects administered through WSDOT on project status and review required compliance steps and documentation
- Regular communication and coordination with City FAS' Public Works Contracting & Procurement on public works activities
- Regular communications with USDOT agencies, WSDOT, and City FAS on Title VI, Equal Employment Opportunity (EEO), Disadvantaged Business Enterprise (DBE), and workforce requirements
- Active participation at monthly PSRC Regional Project Evaluation Committee Meetings, staff check-ins at milestones, and member of project delivery committee

SDOT's Best Practices in Grant Oversight - examples



SDOT Roles and Tools

- Grant Compliance Advisor, Grant Administration Analyst, & Federal Contracting Advisor in SDOT Finance & Administration support all grant-funded projects
- SDOT Capital Projects FTA Program Manager supports all FTA-funded projects
- EEO/Title VI Program Coordinator and EEO Coordinator in SDOT's Office of Equity & Economic Inclusion support compliance
- Updated Grant Management Desk Manual
- Electronic signatures - implemented during the pandemic and before the audit - ensure approval forms are reviewed and signed by all necessary parties
- New project portfolio and management (PPM) system implemented in January 2021 allows SDOT to better track projects' grant reporting obligations and grant spending status

SDOT's Best Practices in Grant Oversight - examples



SDOT Business Practices

- Accountability records
 - Signature concurrence from key SDOT personnel prior to the execution of grant agreements or amendments
 - SDOT Division Director signature required to initiate and execute new contracts or amendments
 - Documentation of scope, schedule, and budget changes through our change control board process where program owners, Division Directors, and project managers must sign off and approve project changes over a certain threshold
 - All change orders are reviewed and signed by the appropriate Division Director
- Trainings in grant management and compliance for staff across SDOT
- Staff attend FTA Triennial Review Workshops and use the FTA Triennial Guidebook to supplement internal project control and documentation practices
- Internal meetings collaborating from grant submittal to grant implementation and reporting

What's Next?

Date	Action
February - March 2023	Detailed review of all findings to (1) ensure correct controls are in place at the City; (2) prepare to respond to additional information or records requests from US DOT agencies; and (3) prepare for future compliance controls implemented by US DOT agencies and WSDOT
Ongoing	Remain responsive to federal agency information needs for implementation of audit recommendations

Finding	Official Recommendations				Impact on SDOT
	OST DOT Office of the Secretary of Transportation	FRA Federal Railroad Administration	FTA Federal Transit Administration	FHWA Federal Highway Administration	
1 Change Orders Weaknesses found in the OAs' oversight regarding execution of change orders that lacked required approval signatures		#7: Incorporate change orders as a focus area in FRA's annual review process.	#9: Include a sample of SDOT's change orders as part of FTA's triennial reviews. In doing so, FTA could better detect and prevent the risk for paying for unapproved change orders.	#4: Advise WSDOT as part of stewardship and oversight activities to include change orders in WSDOT's next project management review of SDOT.	SDOT developed a Change Order Policy d that addresses these concerns, but prior to the initiation of the audit. COs are developed by the CE/RE, signed by CPRS Division Director, and sent to Re, CE, PM, PE, FAS Construction Contract Specialist, FA, SDOT WMBE Advisor, and Contract Compliance Manager. SDOT to ensure all change orders moving forward comply with Change Order policy and FTA and FHWA guidelines. PPMT may be involved in reviewing CO information. PMs/FAs should be aware of and discussing scope

Questions?

Stay in touch:



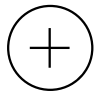
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www.seattle.gov/transportation/



From the entire SDOT Team:
Thank you!