



**Audit of the District Department of
Transportation's H Street Shuttle
Service Grant Awards Issued in Fiscal
Years 2008 and 2010**

December 6, 2013

A Report by the Office of the District of Columbia Auditor
Yolanda Branche, District of Columbia Auditor



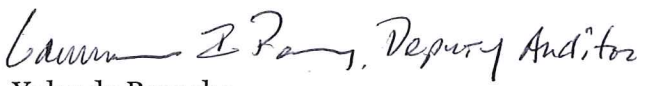
December 6, 2013

Included herein is the District of Columbia Auditor's report entitled "Audit of the District Department of Transportation's H Street Shuttle Service Grant Awards Issued in Fiscal Years 2008 and 2010." This review was initiated by the District of Columbia Auditor. The objectives of this review were to "...conduct an audit of the H Street Shuttle-bus Grant Awards for fiscal years (FY) 2008 and FY 2009" in order to determine whether DDOT:

- Implemented adequate internal controls over the grant award and monitoring processes;
- Complied with applicable District laws and regulations when awarding the FY 2008 and FY 2010 grants to the H Street Cooperative; and
- Adequately monitored the H Street Cooperative's performance of the (FY) 2008 and (FY) 2009 grant awards.

We would like to thank DDOT's staff for their assistance and cooperation during this audit. We would also like to thank representatives from the H Street Cooperative and U Street Parking who also assisted us with this audit. All of their valuable time and efforts spent on providing us information was greatly appreciated.

Sincerely,


Yolanda Branche
Deputy Auditor
District of Columbia Auditor



December 6, 2013

Audit of the District Department of Transportation's H Street Shuttle Service Grant Awards Issued in Fiscal Years 2008 and 2010

Why ODCA Did This Audit

The audit was initiated by the District of Columbia Auditor.

What ODCA Recommends

1. We recommend that DDOT strengthen its internal control environment to ensure grant-related policies and procedures address appropriate District laws and the City-Wide Sourcebook Grants Manual and Sourcebook.
2. We recommend that DDOT ensure that grant-related policies and procedures are clearly known and implemented.
3. We recommend that DDOT ensure adherence with grant agreement terms prior to disbursing grant payments.

What ODCA Found

In 2008 the District of Columbia Council awarded the District Department of Transportation (DDOT) an earmark in the amount of \$225,000 to "support the Business Transit Connection linking Union Station to the Benning Road Metro." DDOT used a portion of those funds to award a grant for shuttle services to be provided along the H Street Corridor in fiscal year (FY) 2008. In FY 2009 DDOT awarded a second grant to continue those shuttle services through FY 2010.

Overall, we found that, during the period for which the H-Street Shuttle-bus grants were issued, DDOT lacked an effective internal control structure as well as nonexistent or weak policies and procedures to address certain legislative requirements for the pre-award, award and grant monitoring processes. We also determined that certain policies and procedures were not implemented. Further, we determined that grant-related payments were made outside of the terms of the grant agreement.

Specifically, we found that the related policies and procedures did not address sole source grant awards or contain standards for proper due diligence and monitoring. While the policies and procedures did address the retention of grant files for three years and the preparation of a summary report of all grants awarded the previous fiscal year to the D.C. Council by the 31st of December of each year, we found that DDOT did not adhere to these policies and procedures. Lastly, we also found that DDOT paid the H Street Cooperative \$51, 735 more than the grant agreement authorized.

For more information regarding this report, please contact Anovia Daniels at Anovia.Daniels@dc.gov or 202-727-3600.

Table of Contents

Background 2

Objectives, Scope and Methodology 5

Audit Results7

1. We recommend that DDOT strengthen its internal control environment to ensure grant-related policies and procedures address appropriate District laws and the City-Wide Sourcebook Grants Manual and Sourcebook. 7

2. We recommend that DDOT ensure that grant-related policies and procedures are clearly known and implemented.....10

3. We recommend that DDOT ensure adherence with grant agreement terms prior to disbursing grant payments. 12

Conclusion..... 13

Agency Comments14

Auditor’s Response to Agency Comments 15

Appendices16

Background

The mission of the District Department of Transportation (DDOT) is to “enhance the quality of life for District residents and visitors by ensuring that people, goods, and information move efficiently and safely, with minimal adverse impacts on residents and the environment.”

“The Department of Transportation Establishment Temporary Amendment Act of 2008” (D.C. Law 17-121), effective on March 20, 2008, earmarked \$225,000 in funds to the District Department of Transportation to “support the Business Transit Connection linking Union Station to the Benning Road Metro.” Effective October 22, 2008, the Council of the District of Columbia (Council) codified these changes in the D.C. Official Code with the enactment of the “Department of Transportation Establishment of Amendment Act of 2008”, which amended the “Department of Transportation Establishment Act of 2002” (D.C. Code §50-621.02 (2011)), to allow DDOT’s Director to “issue grants not to exceed \$1 million per grant to achieve the District’s transportation goals, including safety objectives.”

H Street Corridor Development

The H Street Great Streets Project (H Street Project) began in late December 2007, and included over \$65 million in “reconstruction, infrastructure improvements and streetscape upgrades” to the H Street Corridor. DDOT managed the H Street Project, which included improvements on H Street as well as portions of Benning Road. Despite the construction on Benning Road and H Street, both thoroughfares remained open.

H Street Cooperative

The H Street Cooperative executed its articles of incorporation on May 9, 2008, and registered as a District business during the same month. The goals of the H Street Cooperative were to: (1) provide a quality transportation option to residents, businesses, and visitors along the corridor [H Street], (2) provide transportation support to local businesses and entertainment hubs along the corridor, and (3) mitigate potential transportation and parking problems associated with the impending Streetscape construction along H Street. The H Street Cooperative was comprised of three members. One member was an H Street business owner and the other two members were employees of the Atlas Theatre. The H Street Cooperative is

registered in the District of Columbia as a domestic cooperative and a for-profit entity.

In January 2009, U Street Parking began providing shuttle-bus service along the H Street Corridor. The H Street shuttles stopped at the following stops:

Eastbound H Street Shuttle:

- Gallery Place Metro (Red Line) 7th and H Street N.W. Pick up at Zengo Restaurant, 781 7th Street N.W.;
- 5th and H Street N.E.;
- 10th and H Street N.E.;
- 1333 H Street N.E. (the Atlas Performing Arts Center);
- Starburst Intersection, 15th and H and Florida Avenue NE (The Argonaut Tavern); and
- Minnesota Avenue Metro (Blue and Orange Line).

Westbound H Street Shuttle:

- Minnesota Avenue Metro (Blue and Orange Line);
- Starburst Intersection, 15th and H And Florida Ave. NE (The Argonaut Tavern);
- Between 12 and 13th Streets on H Street NE;
- 9th and H Street NE;
- 5th and H Street NE; and
- Gallery Place Metro (Red Line) 7th and H Street NW. Drop off at Starbucks on H Street NW.

H Street shuttle service was offered from 5 pm to 12 a.m. Sunday through Thursday and from 5 pm to 3 a. m. Friday through Saturday.



DDOT 2008 Grant Award and Funding

The D.C. Council awarded an earmark to DDOT for \$225,000 to “support the Business Transit Connection linking Union Station to the Benning Road Metro.”¹ The earmark was included in the “Fiscal Year 2008 Supplemental Appropriations Temporary Act of 2008”. DDOT used \$190,000 of the \$225,000 earmark to make a sole source grant award to the H Street Cooperative. The H Street Cooperative used the \$190,000 in grant funds to pay for shuttle services provided by U Street Parking, Inc. (U Street Parking).

DDOT 2010 Grant Award and Funding

On December 14, 2009, DDOT made a second sole source grant award to the H Street Cooperative in the amount of \$237,600 to continue shuttle service along the H Street corridor (FY 2010 grant). The funding for the FY 2010 grant award came from DDOT’s FY 2010 budget appropriation. U Street Parking Inc. continued in its role to provide shuttle service. After receipt of the FY 2010 grant, the H Street Cooperative added a Westbound and Eastbound stop at Bladensburg Road and L Street.

Applicable Grant Award Criteria

The District was the sole funding source for the DDOT FY 2008 and FY 2010 grant awards to the H Street Cooperative. As such, District regulations (District Code of Municipal Regulations (DCMR)) provided the legal requirements that DDOT was to follow when making both grant awards and when monitoring the performance of the grantee. Specifically, Title I Chapter 50 of the DCMR (Chapter 50) contains the District’s regulations governing both the FY 2008 and FY 2010 grant awards.²

In December 2009, the District Office of Partnership and Grants issued the City-Wide Grants Manual and Sourcebook (Sourcebook). The purpose of the Sourcebook was to provide guidance to District agencies regarding the “best practices, policies and procedures for the application for, acceptance of, and disbursement of private, federal and local grant monies.”³ Since the City-wide Sourcebook was issued in 2009, it provided additional guidance for evaluating DDOT’s FY 2010 grant award to the H Street Cooperative.

¹ “Fiscal Year 2008 Supplemental Temporary Appropriations Act of 2008”, D.C. Law 17-121 Sec. 2(a)(3)(c).

² D.C.Code Mun. Regs. Title 1§5001-5004, (LexisNexis 2011)

³ *City-wide Grants Manual and Sourcebook*, (December 2009), p.4

Objectives, Scope and Methodology

Objectives

The audit objectives were to “...conduct an audit of the H Street Shuttle-bus Grant Awards for Fiscal Years (FY) 2008 and FY 2009” in order to determine whether DDOT:

- Implemented adequate internal controls over the grant award and monitoring processes.
- Complied with applicable District laws and regulations when awarding the FY 2008 and FY 2010 grants to the H Street Cooperative; and
- Adequately monitored the H Street Cooperative’s performance of the (FY) 2008 and (FY) 2009 grant awards.

Scope

The original audit scope was FY 2008 and FY 2009. However, based on preliminary audit observations, we revised our audit scope to FY 2008 through FY 2011.

Methodology

To accomplish the audit objectives, we performed the following:

- Reviewed relevant laws and regulations;
- Reviewed operational policies and procedures;
- Reviewed relevant grant and contract documentation;
- Conducted tests of compliance with laws and regulations; and
- Conducted interviews with DDOT officials and H Street Cooperative members.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Limitations on Audit Evidence

Generally Accepted Government Audit Standards, (2011 Revision) Section 7.15 requires government auditors to disclose limitations on audit evidence.

In conducting this audit, we requested that DDOT provide the grant files for the FY 2008 and FY 2010 H Street Shuttle awards to the H Street Cooperative. However, in violation of District regulations and the terms of both the FY 2008 and FY 2010 grant agreements, DDOT did not properly maintain grant files for either grant award. In the absence of grant files, the Auditor was unable to review original and complete FY 2008 and FY 2010 grant documentation.

To accomplish our audit objectives, the Auditor relied on documentation provided by the H Street Shuttle bus grants Administrator, the H Street Cooperative, and U Street Parking, Inc. (U Street Parking) in our efforts to assess the appropriateness of each grant award and the effectiveness of DDOT's monitoring system.

In accordance with GAGAS, the Auditor notes that the absence of original grant files necessitated a reliance on secondary sources of audit documentation and additional tests to complete this engagement. We believe that DDOT's lack of grant files and relevant grant documentation posed a significant limitation on audit evidence and the Auditor's ability to confidently accomplish the audit objectives.

Audit Results

Overall, we found that, during the period for which the H-Street Shuttle-bus grants were issued, DDOT's internal control structure included inadequate, non-existent and weak policies and procedures that did not address certain legislative grant requirements for the pre-award, award, and monitoring grant processes. We also determined that certain policies and procedures were not implemented. Further, we determined that grant-related payments were made outside of the terms of the grant agreement.

Specifically, we found that the related policies and procedures did not address sole source grant awards, the proper due diligence and monitoring. While the policies and procedures did address the retention of grant files for three years and the preparation of a summary report of all grants awarded the previous fiscal year to the D.C. Council by the 31st of December of each year, we found that DDOT did not adhere to these policies and procedures. Lastly, we also found that DDOT paid the H Street Cooperative \$51, 735 more than the grant agreement authorized.

Subsequent to our field work, DDOT officials informed the Auditor that it is currently strengthening its grant-related activities; however, we recommend that DDOT ensure that policies and procedures completely address District laws and regulations, where applicable; the procedures are consistently implemented; and grant agreements are adhered to.

1. We recommend that DDOT strengthen its internal control environment to ensure grant-related policies and procedures address appropriate District laws and the City-Wide Sourcebook Grants Manual and Sourcebook.

Government Accountability Office (GAO) states that a control environment includes a number of internal and external factors, such as policies and procedures.

- Our audit found that DDOT's grant-related policies and procedures were non-existent when the FY 2008 grant was issued.

Subsequently, DDOT issued the FY 2010 grant policies and procedures but they lacked key requirements to ensure DDOT's compliance with District laws and regulations. DDOT acknowledged

that their internal controls may have been weak during the early stage of issuing grants because, “They were trying to build the bike and ride it at the same time.” The lack of existing and complete policies and procedures was a pivotal factor in our inability to obtain evidence for key audit test steps and were the cause of many of the deficiencies outlined in this report.

We found through a review of DDOT’s records that on September 30, 2008, when the first grant was awarded, DDOT did not have grant policies and procedures issued. DDOT did not issue its grant policies and procedures until April 10, 2009 making them applicable as guidance for FY 2010 grant award only. However, we found that those policies and procedures did not provide any guidance on the issuance of sole source grant awards. The official District grant guidance, the City-Wide Grants Manual and Sourcebook (Sourcebook) does contain guidance regarding sole source grant awards.

Due to a lack of policies and procedures for the FY 2008 grant award and incomplete guidance for the FY 2010 grant award which did not address District regulations which require sole source grant justification, DDOT staff did not believe that a justification was required. DDOT stated that they believed that a justification was only applicable to contract procurement and not grants. We disagree based on the legal requirements, and were therefore, unable to find evidence of a sole source justification explaining why DDOT awarded the grants to H Street. (See Appendix 1)

We further reviewed DDOT’s April 10, 2009, Grant Award policies and procedures to determine if they were consistent with the grant requirements contained in the District’s Sourcebook. We found that they did not address the required grant due diligence contained in the Sourcebook. Given that the internal policies and procedures did not address due diligence, DDOT staff believed that they had addressed all grant requirements. As a result, there was no evidence that DDOT ensured that the proper due diligence was exercised to ensure all requirements were completed before the award of the FY 2010 grant (See Appendix 1).

Finally, after reviewing the grant requirements of the Sourcebook and comparing those requirements with the provisions of DDOT’s April 10, 2009, Grant Award policies and procedures, we found that DDOT’s policies and procedures did not address the grant-monitoring requirements contained in the Sourcebook. It is important to note; however, that DDOT’s grant agreements with the H Street Cooperative for both FY 2008 and FY 2010 included specific provisions that required DDOT to monitor the agreement terms. Noting that the policies and procedures in place at the time of the FY 2010 grant agreement did not address grant monitoring, DDOT staff believed that they had addressed all grant (had provided the appropriate level of grant monitoring) However, we found no

evidence that DDOT ensured that all grant provisions were adhered to for both the FY 2010 grant and the FY 2008 grant, which did not have policies and procedures in place at the time of grant issuance (See Appendix 2 for specific references).

DDOT officials stated that they attempted to design and implement an internal control structure simultaneously to issuing grants, which resulted in weaknesses in their internal controls that did not contain sole sourcing, due diligence and monitoring requirements set forth in the regulations and Sourcebook. Overall, we believe that the policies and procedures were not properly written to govern how the Agency should issue and monitor local grants. Further, DDOT should have all grant policies and procedures established which are consistent with the requirements of District laws and regulations prior to exercising their grant-making functions for local grants. DDOT should ensure the proper internal control environment for the issuance of grants prior to grant awarding.

Since drafting our report, the DDOT grants manager acknowledged the deficiencies found during our fieldwork, and noted that the Agency was in the process of taking several important steps toward remedying these problems, such as redrafting the respective policies and procedures.

2. We recommend that DDOT ensure that grant-related policies and procedures are clearly known and implemented.

According to Government Auditing Standards, “Controls over compliance include policies and procedures that the audited entity has implemented to provide reasonable assurance that program implementation is in accordance with provisions of laws, regulations, contracts and grant agreements. In addition, the District’s regulation and guidance require that all grant-related activities be properly documented and retained.

- We found that the policies and procedures in place when the FY 2010 grant was issued were not clearly known or effectively implemented which created an environment for non compliance with certain legal requirements (See Appendix 1).

DDOT staff appeared to be unaware of the District’s laws and guidance regarding grant management and failed to implement certain elements of the policies and procedures. During the initial stages of our audit, we requested hard copy grant files that should have contained all related grant pre-award, award and monitoring documents. However, as noted as a limitation on evidence, DDOT did not have hard-copy grant files for either the FY 2008 or FY 2010 H Street grants, as required by their grant-related policies and procedures to retain all grant-related documents for three years. More specifically, we found that DDOT did not have grant files for either FY 2008 or FY 2010 grants; however, DDOT was able to provide the hard copy grant agreements. DDOT was able to provide copies of some electronic grant-related documents for the FY 2010 grant. The Auditor asked DDOT’s representatives why the grant files were not maintained. The DDOT Grants Manager stated that he believed that it was sufficient to maintain some grant documentation on the DDOT share drive. Even though some grant-related documents were provided, we were unable to ensure that grants were appropriately issued and monitored as noted in recommendation one.

DDOT grant policies and procedures require that a summary report of all grants awarded the previous fiscal year be submitted to the D.C. Council, by the 31st of December each year. During our compliance testing, we found that DDOT did not comply with this requirement. We asked DDOT to provide a copy of their FY 2009 and FY 2010 grant reports, but DDOT was unable to do so because they had not produced any such reports. DDOT offered no explanation as to why the reports were not submitted to the D.C. Council. Since the reports were not produced or submitted to the Council as required, DDOT did not provide the necessary information for accountability and performance assessments (See Appendix 1).

Although DDOT believed that they were compliant with all grant-related requirements, our audit determined that they were not. DDOT officials should ensure that all internal grant-related policies and procedures are implemented to obtain optimal compliance and accountability.

3. We recommend that DDOT ensure adherence with grant agreement terms prior to disbursing grant payments.

The FY 2010 grant agreement between DDOT and the H Street Cooperative noted that the grant amount should not exceed two hundred thirty seven thousand six hundred dollars (\$237,600) in FY 2010, in order to implement the shuttle operations.

- We found, however, that DDOT's grant payments to the H Street Cooperative exceeded the \$237,600 agreed upon funding limitation.

More specifically, our analysis of the District's system of accounting revealed that in FY 2010 DDOT reimbursed the H Street Cooperative a total of \$229,135, and in FY 2011 a total of \$60,200 was reimbursed. In total, the H Street Cooperative received \$289,335 for the FY 10 grant. The total payments of \$289,335 exceeded the FY 2010 grant agreement amount of \$237,600 by \$51,735. It is important to note that there is no additional funding authority for this payment.

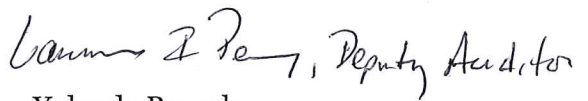
Subsequent to our findings, we sought the cause for the unjustified payment to the H Street Cooperative, and DDOT did not provide an explanation. Without ensuring that the terms of an agreement are met prior to grant payments, DDOT's payment of \$51,735 to the H Street Cooperative violated the grant agreement terms and could have affected DDOT's appropriated budget. We believe that DDOT officials should work to ensure that all grant-related payments are made in accordance with the grant agreement to ensure proper management of district funds and sound operations of district activities.

Conclusion

Overall, we found that the District Department of Transportation (DDOT) did not have the proper internal control structure necessary to properly issue and monitor their FY 2008 and FY 2010 H Street Shuttle-bus grant awards in accordance with District law and regulations. We found that the DDOT did not have policies and procedures governing their grant-making function at the time of the FY 2008 grant award. Though the Agency did have local grant-making policies and procedures established at the time the FY 2010 grant was issued, those policies and procedures did not contain key requirements necessary to ensure the full compliance with District laws and regulations. Specifically we found that DDOT's policies and procedures did not address sole source grant awards or the proper due diligence and monitoring required by District laws and regulations. Finally we found that DDOT paid the H Street Cooperative \$51,735 more than was authorized by the FY 2010 grant agreement.

In an effort to remedy the highlighted deficiencies, we provided three recommendations intended to strengthen DDOT's internal control environment governing its local grant-making process. We are pleased that DDOT is in agreement with our recommendations and has taken several important steps toward implementing them. Such efforts are necessary and will help ensure the Agency's full compliance with the District's laws and regulations governing the issuance and monitoring of local grants.

Sincerely,


Yolanda Branche
District of Columbia Auditor

Agency Comments

On September 30, 2013, the Office of the District of Columbia Auditor submitted the draft report entitled, “Audit of the Fiscal Years 2008 and 2010 H Street Cooperative Grant Awards Issued by the Department of Transportation” for review and comment to the District Department of Transportation (DDOT). The Auditor received written comments from DDOT on October 25, 2013. DDOT specifically addressed each of the findings and recommendations cited in our report, as requested, and concurred with each of them. DDOT’s response is included with this report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF TRANSPORTATION



d. Office of the Director

October 25, 2013

Ms. Yolanda Branche
District of Columbia Auditor
Office of the District of Columbia Auditor
717 14th Street, NW, Suite 900
Washington, DC 20005

Dear Ms. Branche,

I am responding to your September 30, 2013 letter regarding the audit of the 2008 and 2010 H Street Cooperative grant awards. Thank you for the opportunity to respond to the three recommendations in your report.

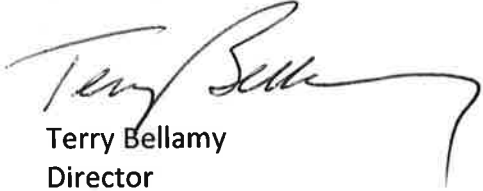
The audit, and your resulting findings and recommendations, are for grants awarded in 2008 and 2010. As you know, the District Department of Transportation (DDOT) is continuously working to improve our processes and procedures and we have implemented – and continue to implement – changes that improve the grants process.

You first recommend that DDOT strengthen our internal control environment to ensure that grant-related policies and procedures address appropriate District laws and the City-Wide Grants Manual and Sourcebook. DDOT concurs and is strengthening its internal control environment through the development of a DDOT Grants Manual and the establishment of a Grants Review Board. DDOT also concurs with your second recommendation that DDOT ensure that its grant-related policies and procedures are clearly known and implemented. DDOT is accomplishing this through the Grants Review Board, an internal oversight committee comprised of representatives from each DDOT administration and the Office of the Chief Financial Officer (OCFO). Finally, we concur with your third recommendation that DDOT ensure adherence with grant agreement terms prior to disbursing grant payments. DDOT and OCFO are accomplishing this by ensuring that purchase orders issued for payments are consistent with grant awards reviewed by the Grants Review Board. The Grants Review Board is also actively engaged with each grant administrator to ensure the terms in the grant agreement that

need to be met prior to the release of funds are being met. One way that this has been accomplished is through the use of an internal auditing system called Packet Tracker.

I appreciate the opportunity to provide this information to you. Should you have additional questions, please let me know.

Sincerely,



Terry Bellamy
Director

CC: Mr. Glenn Dubin, DDOT-OAG
Mr. Matthew Brown, DDOT

Auditor's Response to Agency Comments

The Auditor appreciates the comments provided by the District Department of Transportation (DDOT). We are pleased to learn that DDOT is taking positive steps toward implementing the recommendations presented in this report.

Appendices

Appendix I - DDOT's Compliance with Law and Regulations

No.	CONDITION	APPLICABLE REGULATIONS AND GUIDANCE e	IMPACT
1	We determined that DDOT made a Sole Source award to the H Street Cooperative for the FY 2008 grant, but there was no record of an internal evaluation and score of the award. The Auditor also found no record of a Subgrant Certification Form for the award containing a justification for the award.	If the agency awards a sole source or unsolicited proposal, the agency need not use an external review panel. The agency shall internally evaluate and score the sole source or unsolicited proposal using the same criteria that would have been applied to a competitive solicitation. The agency shall prepare a sole source justification to the subgrant Certification Form that is submitted to the OMD. D.C. Code Mun. Regs. tit. 1§5002.6(g) (LexisNexis 2011)	DDOT violated District regulations by awarding the FY 2008 grant to the H Street Cooperative without appropriate justification.
2	The Auditor found no record of any written justification made by the DDOT for the FY 2008 sole source award.	In instances of proposed awards not based on competitive solicitation, an agency shall submit only the SCRF, name of the proposed subgrantee, name of the project, award amount and justification for the absence of competition. D.C. Code Mun. Regs. tit.1§5004.1 (LexisNexis 2011)	DDOT violated District regulations by awarding the FY 2008 grant to the H Street Cooperative without appropriate justification for the absence of competitive solicitation.
3	The Auditor reviewed the grant award agreement and found that it had not been assigned a subgrant number by the granting agency.	The subgrant award instrument shall contain, but not be limited to the following information: name, address and telephone number of the granting agency; the subgrant number assigned by the granting agency; beginning and ending dates of the subgrant award; name, address, and telephone number of the subgrantee; name, title, address and telephone number of the official contact person for the subgrantee; amount of the funds awarded and the amount of any resources, if any, that the subgrantee must contribute; signature lines for representatives from the agency and subgrantee; and incorporation of the application by reference. D.C. Code Mun. Regs. tit. 1§5004.2 (LexisNexis 2011)	DDOT violated District regulations by failed to place a subgrant number on the award document for either the FY 2008 or the FY 2010 grant award agreement.
4	The Auditor found that DDOT failed to maintain grant files for the FY 2008 and FY 2010 grant awards.	The agency shall establish the official records of awarded subgrants. The agency shall incorporate into the grant files and retain the records of all awarded applications and subsequent reports for the period required by federal and District guidelines for grant records. The active retention period is normally three years from the date when the final programmatic and financial reports are submitted to the federal grantor, or if an audit is conducted within the three-year period, the date when the audit report is officially closed. After the retention, the District regulations require archival retention for an additional four years. D.C. Code Mun. Regs. tit. 1§5004.4 (LexisNexis 2011)	DDOT violated District regulations and rendered itself and the Auditor unable to assess the impact of the program because the documentation necessary to perform such an assessment was unavailable.

No.	CONDITION	APPLICABLE REGULATIONS AND GUIDANCE e	IMPACT
5	The Auditor found no record of an affidavit prepared by the H Street Cooperative to evidence its compliance with the District's tax filing requirements. Moreover, the Auditor found that the H Street Cooperative was registered as a Domestic Cooperative only. It had no non-profit status recognized by the Internal Revenue Service, the D.C. Office of Tax and Revenue (OTR) or the D.C. Department of Consumer and Regulatory Affairs.	Grantee shall submit an affidavit indicating whether the entity has complied with the filing requirements of District of Columbia tax laws, and whether the entity has paid taxes due to the District of Columbia, or in compliance with any payment agreement with the Office of Tax and Revenue (OTR). The affidavit shall be in a form approved by the Director of OTR and shall acknowledge the penalty provided by law for making false statements. City-Wide Grants Manual and Sourcebook Sec. 5.3 (2009)	DDOT failed to follow District Guidance requiring the Grantee to provide a legal instrument verifying its compliance with D.C. tax law. Without securing a legal instrument of compliance, DDOT limited its ability to prevail in any legal action against the H Street Cooperative for making representations that it was in compliance with District Tax laws prior to the FY 2010 grant award.
6	We found no OTR record stating that the H Street Cooperative had complied with District Tax filing requirements.	Grantee shall obtain certification from OTR that the entity has complied with the filing requirements of District of Columbia tax laws, and that the entity has paid taxes due to the District of Columbia, or is in compliance with any payment agreement with OTR. City-Wide Grants Manual and Sourcebook Sec. 5.3 (2009)	DDOT failed to ensure that the H Street Cooperative was in compliance with D.C. tax law. As a result of this failure, the District awarded grant funds to an organization that potentially owes money to the District.
7	The Auditor found no record of an affidavit executed by the Grantee indicating that they were current on all taxes including unemployment insurance and worker's compensation premiums.	Grantee shall submit an affidavit indicating that they are current on all taxes, including unemployment insurance and worker's compensation premiums. City-Wide Grants Manual and Sourcebook Sec. 5.3 (2009)	DDOT failed to follow District Guidance requiring the Grantee to provide a legal instrument verifying its compliance with D.C. tax law. Without securing the H Street Cooperative's written assurance of compliance with District law, DDOT exposed itself to the possibility of providing grant money to an organization which was not in compliance with District tax law.
8	We found no record of DDOT's assessment or determination of whether the H Street Cooperative had been debarred from procurements by Federal, District, or any other governmental entity.	Grantee shall not be debarred from procurements by the federal government, the Government of the District of Columbia or any governmental entity; City-Wide Grants Manual and Sourcebook Sec. 5.3 (2009)	DDOT violated District Guidance requiring that it verify that the H Street Cooperative was not on any federal or local debarment list. Therefore, it was possible that DDOT provided a grant to an entity which the District had specifically barred from doing business with the City.

No.	CONDITION	APPLICABLE REGULATIONS AND GUIDANCE e	IMPACT
9	We found no record of an original grant file for the FY 2010 grant award. The grants manager did produce copies of some documentation which he had stored on his computer. The information provided; however, was not complete.	The Agency shall maintain records to detail the significant history of each award. Where applicable, these records shall include, but are not limited to, the following: solicitations, evaluation criteria and materials, rationale for the method of award, selection of agreement type, grantee selection or rejection, and the basis for the award amount. The Agency shall keep such records for a period that is the greater of; 1) three (3) years, or 2) the time required by the applicable law, regulation, or agreement governing the funding of such grant. City-Wide Grants Manual and Sourcebook Sec. 5.5 (2009)	DDOT violated District Guidance by not maintaining an FY 2010 grant file.
10	We found no record of any Certification Documentation evidencing review by the Agency Grant Officer, Agency Director, or Agency Fiscal Officer showing that the grant amount was appropriated and budgeted for the fiscal year it was awarded with all requisite program and fiscal approvals.	Before an award can be given final approval and deemed formally awarded, a Certification must be obtained for all proposed awards within a fiscal year. This Certification will be issued by the Grant Officer for the Agency making the award indicating that grant amount has been appropriated and budgeted for the fiscal year, and shall be approved by the Office of the Chief Financial Officer. This process is set forth as follows: (a) Review by Agency Grant Officer... (b) Review by Agency Director... and (c) Review by AFO. City-Wide Grants Manual and Sourcebook Sec. 8.7 (2009)	DDOT's Agency Grant Officer violated District Guidance by not ensuring a formal review and certification of the grant award by the Agency Director and AFO to show that monies were appropriately budgeted and appropriated for the FY 2010 sole source award.
11	We found that DDOT failed to maintain any official records or grant file for the FY 2010 grant award.	The Agency shall establish the official records of awarded grants or subgrants. The Agency shall incorporate into the award files and retain the records of all awarded applications and subsequent reports for a period that is the greater of; 1) three (3) years, or 2) the time required by the applicable law, regulation or agreement governing the funding for such grant. The active retention period for funds awarded under federal grants is governed by applicable federal regulations. Agencies may require a retention period longer than three (3) years. City-Wide Grants Manual and Sourcebook Sec. 8.8 (2009)	DDOT violated District Guidance by not maintaining an FY 2010 grant file. The Auditor asked DDOT's grants manager why he did not maintain grant files, he stated that he believed that maintaining documentation on his Agency's share drive was sufficient.

No.	CONDITION	APPLICABLE REGULATIONS AND GUIDANCE e	IMPACT
12	We reviewed the FY 2010 grant award documentation and found that it had not been assigned a grant number and did not list the grantee's tax or EIN number.	The Agency shall prepare and issue the award documents to the grantee or subgrantee. The documents shall include: a transmittal letter and a NOGA that contains the terms and conditions that apply to the award, any special conditions and performance standards may apply, any available forms for reporting programmatic and financial activities and to request funds and any conditions for amendment and/or termination of the grant or subgrant. The Agency shall ensure that the NOGA also contains, but may not necessarily be limited to, the following information... - Grant or subgrant number assigned by the granting Agency; -Grantee's Tax ID or EIN number; -Amount of the funds awarded and the amount of any financial or in-kind matching resources, if any, that the grantee must contribute; - Language incorporating the application by reference. City-Wide Grants Manual and Sourcebook Sec. 10.1 (2009)	DDOT violated District Guidance by not placing a subgrant number and the Grantee's EIN number on the award document for the FY 2010 grant award agreements EIN numbers are numbers used for identification with the Internal Revenue Service for tax filing purposes.

Appendix II - FY 2008 Grant Award

No.	CONDITION	GRANT PROVISION REQUIREMENTS	EFFECT
1	H Street Cooperative did not produce 4 complete quarterly reports. They produced one report which had partial ridership numbers for March and April and complete ridership numbers for May through August. There was no information regarding their accomplishments or proposed activities for upcoming quarters included in the report.	Prepare quarterly reports that include ridership numbers, accomplishments, as well as the proposed activities for the upcoming quarter and submit to District Department of Transportation (DDOT). Any project changes and modifications should be included in the report.	Neither the Auditor nor DDOT can verify the utility of the service provided by the number of clients served because ridership numbers were not reported until the period beginning March 17, 2009.
2	U Street Parking did not secure insurance from insurance companies licensed to do business in the District of Columbia through the Department of Consumer and Regulatory Affairs.	Obtain insurance coverage prior to award of the grant and keep such insurance in force throughout the term of the grant for all vehicles operated pursuant to this Agreement. Insurance shall be written with companies licensed, in good standing, by the District of Columbia Department of Consumer and Regulatory Affairs.	Because U Street Parking did not secure insurance from insurance companies licensed to do business in the District, the District lost revenue from licensing fees.
3	H Street Cooperative did not retain all grant records for the FY 2008 grant award.	Retain all records pertinent to this Gant for a period of three (3) years. In addition, records required to resolve an audit shall be maintained for a period of not less than three (3) years after resolution of the audit. The Grantee shall be required to make available, upon request, for at least three (3) years after grant completion, files and records that will assist the District in assessing the impact of the program.	Neither the Auditor nor DDOT has sufficient records to assess the impact of the H Street Shuttle Service Project. When asked why it did not maintain grant files, H Street Cooperative stated that they believed that the DDOT was responsible for maintaining the grant files.

Appendix III - FY 2010 Grant Award

CONDITION	GRANT PROVISION REQUIREMENTS	EFFECT
The DDOT did not perform any audits of the H Street Cooperative at any time during the grant period.	Perform Audits of the GRANTEE during the Grant Period.	The DDOT did not independently verify the performance of H Street shuttle operations.
The DDOT did not perform any evaluation of the program during the grant period.	DDOT or its designee shall conduct at least one evaluation or monitoring of the services performed and the timely submission of requirements under this Agreement. In order to assess performance, the GRANTEE shall be required to make available to DDOT information and records, which shall enable effective evaluation of the program. THE GRANTEE shall also submit a report in the manner specified by DDOT or its designee.	The DDOT did not independently verify the performance of the H Street Shuttle operations. Therefore, there is no verification that the H Street Cooperative provided shuttle service pursuant to the terms of the grant agreement justifying the grant amount.
The Auditor found no record that an initial meeting was held within one month of the execution of the grant agreement.	The grant administrator and Grantee shall participate in an initial meeting within one month of the execution of this grant agreement to review the required reports, the requirements and format for the Support Documentation for disbursements.	The DDOT's grants administrator did not appropriately communicate the format and style of compliance necessary for appropriate reporting. The H Street Cooperative did not produce complete quarterly reports, complete monthly reports or an end of the year report.
The Auditor found no record of an approved itemized budget attached to the grant agreement.	Provide an Itemized Budget to be attached to this Agreement prior to execution.	DDOT did not appropriately monitor and budget costs associated with the H Street Shuttle project. The lack of appropriate planning and budgeting exposed the District to excessive costs such as resulting unauthorized \$60,211 payment.
H Street Cooperative did not provide a cost allocation plan.	Within 30 days of execution of this Agreement provide a Cost Allocation Plan	DDOT did not appropriately monitor and budget costs associated with the H Street Shuttle project. DDOT's failure to do so exposed the District to excessive costs and resulted in \$60,211 payment to the H Street Cooperative without the benefit of a written agreement..

CONDITION	GRANT PROVISION REQUIREMENTS	EFFECT
There was no evidence that a meeting was held to discuss how the project was to be implemented.	Participate in grant meeting(s) with the Grant Administrator to discuss how the PROJECT will be implemented.	DDOT's grants administrator did not communicate the appropriate reporting necessary to ensure that the agency could appropriately monitor the H Street Shuttle's performance requirements as established by the grant agreement.
The Auditor found no evidence of a timetable established to determine when accounting should be submitted.	Provide Supporting Documentation as described in Article VII.A to the Grant Administrator for all grant funds spent. The Parties shall establish a timetable in advance to determine when the accounting shall be submitted. The timetable shall be structured as described in Article VII (Funding Provisions).	DDOT did not appropriately monitor costs associated with the H Street Shuttle project. A lack of appropriate, structured accounting exposed the District to excessive costs such as those which resulted in the unauthorized \$60,211 payment in FY 2011
The Auditor found no evidence of a brief detailed report prepared by the H Street Cooperative at the end of the Project.	Provide a brief, detailed report at the end of the PROJECT that addresses all of the following items: i. The types of PROJECT activities undertaken (provide a list); and ii. A brief narrative, not to exceed one page, restating the overall performance measures and planned outcomes of the PROJECT and discussing whether the PROJECT performance measures and planned outcomes were accomplished.	DDOT's grant administrator's failure to ensure that a brief Project report was submitted by the H Street Cooperative shows his failure to monitor the H Street Shuttle's performance and ensure that the District received the appropriate level of services as set forth in the FY 2010 grant agreement.
We found no record that the H Street Cooperative provided DDOT with a Certificate of Good Standing from the District Department Office of Tax and Revenue prior to its award of the FY 2010 grant.	Prior to the execution of this Grant Agreement, provide a Certificate of Good Standing from the Office of Tax and Revenue dated no more than six months from the date of this Agreement that is signed by the Grantee.	The District provided grant money to an organization who had not filed District Taxes because of its failure to verify that the H Street Cooperative had done so through securing a Certificate of Good Standing prior to the award of the grant funds.
We determined that the H Street Cooperative did not renew their Certificate of Good Standing in May 2010 as required by the grant agreement. The H Street Cooperative would have been unable to do so because they were not in Good Standing with DCRA in 2010 due to a failure to file the required biennial reports.	Prior to execution of this Grant Agreement, provide a Certificate of Good Standing from the Department of Consumer and Regulatory Affairs, valid for the two year period in which Grantee is applying. If the Grantee is required to renew the Certificate of Good Standing during the grant period, the Grantee shall provide DDOT the updated certificate within thirty (30) days Grantee receives the new form	The District failed to monitor the H Street Cooperative and verify that it was still a viable business, legally authorized to do business in the District, before continuing to reimburse expenditures.

CONDITION	GRANT PROVISION REQUIREMENTS	EFFECT
The Auditor did not find a complete record of invoices for the H Street shuttle costs.	All costs incurred under this Grant must be supported by Support Documentation submitted to this Department by the GRANTEE consistent with the approved budget. Such Support Documentation includes, but is not limited to, paid invoices for non-personnel direct and indirect costs, approved time distribution sheets for employees, and certified payroll reports for employees.	DDOT failed to monitor that all appropriate documentation had been submitted by the H Street Cooperative for payment. DDOT, therefore, reimbursed the H Street Cooperative for expenditures which were unsupported by documentation.
We found no evidence that the H Street Cooperative submitted a Cost Allocation Plan for the FY 2010 grant award.	The Grantee shall submit a Cost Allocation Plan based on cost(s) no later than thirty (30) days following Grant execution. Cost Allocation Plans must comply with OMB Circular A-122	DDOT did not appropriately monitor and budget costs associated with the H Street Shuttle project. A lack of appropriate planning and budgeting which would have been accomplished by created an approved budget exposed the District to excessive costs such as resulting unauthorized \$60,211 payment.
The Auditor found no evidence that the H Street Cooperative submitted an affidavit to DDOT requesting exemption from the Cost Allocation Requirement.	Any GRANTEE which considers itself exempt from the Cost Allocation Plan provisions shall submit a notarized affidavit requesting a waiver of these requirements within thirty (30) days prior to Grant execution. Said request shall detail the reasons for the waiver request and include a copy of the relevant audited financial statements.	DDOT did not appropriately monitor and budget costs associated with the H Street Shuttle project. A lack of appropriate planning and budgeting which would have been accomplished by created an approved budget exposed the District to excessive costs such as resulting unauthorized \$60,211 payment
We found no evidence that the H Street Cooperative submitted a Cost Allocation plan.	Claims for reimbursement of documented Grant expenses shall comply with OMB Circular A-122 and the Grantee's approved Cost Allocation Plan submitted pursuant to this section. Failure to submit a Cost Allocation Plan by the date specified shall result in non-payment of indirect costs until Grantee has complied with this requirement.	DDOT did not appropriately monitor and budget costs associated with the H Street Shuttle project. A lack of appropriate planning and budgeting which would have been accomplished by created an approved budget exposed the District to excessive costs such as resulting unauthorized \$60,211 payment.
The Auditor found no record of a Quarterly Progress Report	Quarterly Progress Report	DDOT's grant administrator's failure to ensure that the requisite quarterly progress reports were submitted by the H Street Cooperative shows his failure to monitor the H Street Shuttle's performance and ensure that the District paid for the appropriate level of services that were required by the FY 2010 grant agreement.

CONDITION	GRANT PROVISION REQUIREMENTS	EFFECT
The Auditor found no record of an End of the Year Report for the FY 2010 grant award.	End of the Year Report	DDOT's grant administrator's failure to ensure that the requisite End of the Year Report were submitted by the H Street Cooperative shows his failure to monitor the H Street Shuttle's performance and ensure that the District paid for the appropriate level of services that were required by the FY 2010 grant agreement.
The Auditor found no evidence that U Street Parking had secured Workman's Compensation Insurance.	Worker's Compensation insurance coverage for all employees employed upon the premises and with its other operations pertaining to this Agreement. Grantee agrees to comply at all times with the provisions of the worker's compensation laws of the District.	A lack of workman's compensation insurance for employees of the H Street Shuttle exposed the District to unnecessary liability in the case of accidents or incidents involving the H Street shuttle.
The Auditor found no evidence that U Street Parking listed the District as an additional insured on its insurance policies for shuttle service.	This District as an Additional Insured- all insurance provided by the Grantee, as required by this Section shall set forth the District as an additional insured.	The Grant Administrator's failure to ensure that the District was an additional insured on U Street Parking's Insurance policies exposed the District to unnecessary fiscal liability in the event that one of the H Street Shuttle's was involved in an accident.
The Auditor found that neither insurance company used by U Street Parking for shuttle services were licensed with DCRA.	Insurance policies shall be written with responsible companies licensed by the District of Columbia Department of Consumer and Regulatory Affairs. The certificate of insurance may be provided to the District with a thirty (30) day written notice prior to its termination.	Because U Street Parking did not secure insurance from insurance companies licensed to do business in the District. District Insurance companies lost the opportunity to benefit from a District grant award.
We found that the H Street Cooperative did not retain all records for the FY 2010 H Street Grant Award.	Retain all records pertinent to this Grant for a period of three (3) years. In addition, records required to resolve an audit shall be maintained for a period of not less than three (3) years after resolution of the audit. The Grantee shall be required to make available, upon request, for at least three (3) years after grant completion, files and records that will assist the District in assessing the impact of the program.	Neither the Auditor nor DDOT has sufficient records to assess the impact of the H Street Shuttle Service Project.