

## Status of Resolution of Audit Findings

December 2012

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Department of Transportation (DOT)

Agency: 405

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**Audit Report:** 2011 F

**Finding Number:** 009

**Finding:** The Department of Transportation did not support over \$768,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas.

**Resolution:** The Department appreciates the auditor's work regarding the Formula Grants for Other Than Urbanized Areas. The Department is considered an innovative leader by the Federal Transit Administration (FTA) for its grant administration methods, which include administering a number of closely related grant programs. At this time, the Department has taken all corrective actions within its authority to ensure compliance with federal regulations. The Department is awaiting required authorization from the federal grantor to implement its planned correction.

On July 1, 2011, the Department's Public Transportation Division (PTD) began charging direct payroll costs to grant programs based on actual time worked in accordance to federal regulations. The Department continues to work with the FTA to seek approval of the formalized direct payroll cost allocation plan the PTD submitted in 2009, known as a substitute system. In addition, the Department requested acknowledgement that administrative costs allocated to the Formula Grants for Other Than Urbanized program from 2009-2011 were appropriate. The FTA has not requested that any funds be repaid.

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