



Audit of Lake-Sumter MPO

Division of Inspector General **Neil Kelly, Clerk of the Circuit and County Courts** **Audit Report**

Bob Melton, CPA, CIA, CFE, CIG
Inspector General

Audit Conducted by:
Alice Garner, CPA, CIGA
Sheena Patel, CIA

Report No. BCC-140
March 16, 2016



Division of Inspector General
Phone (352) 253-1644
Fax (352) 253-1645

Clerk of the Circuit Court

Post Office Box 7800
Tavares, Florida 32778-7800

March 16, 2016

Lake-Sumter Metropolitan Planning Organization Governing Board

We have conducted our audit of the Lake-Sumter Metropolitan Planning Organization (MPO), as scheduled per the Clerk's Annual Inspector General Audit Plan.

Our report discloses serious inadequacies in the management and operation of the MPO. We encourage all parties involved to carefully evaluate MPO operations, structure, and the activities truly necessary to accomplish its mission. Immediate action should be taken to correct these issues.

We appreciate the cooperation and assistance provided by the Lake-Sumter MPO and also other local county and governmental entities contacted during the course of our audit.

Respectfully submitted,

Bob Melton

Bob Melton
Inspector General

cc: Honorable Neil Kelly, Clerk of Circuit & County Courts
David Heath, County Manager, Lake County Board of County Commissioners
Terry Fish, Executive Director, Lake-Sumter Metropolitan Planning Organization
Melanie Marsh, County Attorney
Bradley Arnold, Chief Administrative Officer, Sumter County Board of County Commissioners
William Blend, Moore Stephens Lovelace, P.A.

Know of Fraud, Waste, or Abuse?
Contact our hotline at (352) 253-1643 or
email fwa@lakecountyclerk.org

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION	3
Scope and Methodology	3
Overall Conclusion.....	4
Background.....	4
OPPORTUNITIES FOR IMPROVEMENT	11
1. Lack Of Adequate Management Resulted In Inadequate Controls Over Staff, Questionable Expenditures Of Grant Funds, And Questionable Uses Of Public Funds. ..	11
2. The MPO Is Not Self-Supporting And Is Using the County’s Bank Account To Fund Operations.	13
3. Work From Home Practices Should Be Evaluated, Including The Director’s Practice Of Working From Home.....	14
4. Expenditures From Grants Should Have A Verifiable Basis.	17
5. Management Should Cease Charging Grant Funding Sources For Personal Services Related To MPO Sales Activities.	23
6. MPO Sales Activities Should Be Re-Evaluated.	27
7. Management Should Immediately Cease The Practice Of Paying Sponsorships.	32
8. No Costs Incurred For Annual Award Dinners Should Be Charged To Grants And Practices Related To The Dinner Should Be Improved.....	35
9. Solicitation Of Sponsorship Funds For The Annual Dinner Should Not Be Made To Current Or Prospective Contractors.	36
10. Receipts And Disbursements From Established Accounts Should Be Prescribed in Written Policy By The MPO Board.....	37

11. Funds Collected Have Not Been Used As Intended.	39
12. Staff Christmas Activities Should Not Be Paid From MPO Funds.	39
13. Questionable Expenditures Of The MPO Which May Not Meet A Public Purpose Should Be Discontinued Immediately.....	40
14. The Process Of Procurement Of Contractors Needs Improvement.	42
15. Documentation And Authorization For Purchase Card And Travel Expenses Are Insufficient.	45
16. IT Purchases Should Be Coordinated With The County IT Department Providing Support.....	51
17. The MPO Agreement With The County For Provision Of Services Should Be Reviewed.	52
18. Written Operational Policies Should Be Prepared And Approved By The MPO Board, And A Gift Policy Should Be Established.	54
19. Employee Evaluations Should Be Performed Regularly.	56
20. All Actions Approved By The Board Should Be Performed Timely.	57
21. Contracts Should Be Developed Between The MPO And County Public Airports And Seaports.	58
22. Monthly Allowances To The Director Should Be Reviewed.	59
APPENDICES	54
APPENDIX A – Schedule Of Grant Issues, July 1, 2013 To June 30, 2015.....	54
APPENDIX B – Schedule Of Additional Grant Issues, All Other Periods	72

EXECUTIVE SUMMARY

We conducted an audit of the Lake-Sumter Metropolitan Planning Organization (MPO). We conclude that a significant portion of the MPO's receipts and disbursements are inappropriate and are not accounted for properly. We also conclude that a significant portion of MPO activities are not approved, appropriate or in compliance with grant documents, contracts, and other agreements.

The MPO Director has not exercised adequate administrative control over MPO staff, MPO activities, and MPO funds. As a result, there is little assurance that some staff have routinely worked their required hours, and the establishment of a team environment with staff has been hindered. The Director has adopted a practice, without formal MPO Board approval, of largely working from home. He has allowed some of the staff members to also work from home a significant part of the week. He has not established adequate performance measures to ensure the staff members are actually working, nor has he sought MPO Board approval for a work from home policy. As a result of this situation, we cannot provide reasonable assurance that the Director and staff, who work largely from home, are working their required number of hours.

Mismanagement of grants has occurred consistently by management of the MPO. There is a lack of accountability over expenditures of grant funds, including reporting false expenditures to the Florida Department of Transportation, the agency providing grants to the MPO. These reports, which identified only an apportionment of the budget rather than the required actual expenditures, were signed by the MPO Director. Further, the Director's emphasis seemed more on charging expenditures to grants where funds were available, rather than making sure expenditures charged to the grant were actually expended on activities related to the grant. We question the allowability of more than \$892,000 in charges to grants.

The MPO Director has used MPO funds for questionable purposes. These questionable expenditures range from a holiday cruise for MPO staff (\$200 cost) to numerous sponsorships paid to civic organizations. For example, the MPO Director paid the entry fee for the YMCA's Dragon Boat in a Chamber of Commerce Dragon Boat event. This was at a time when the MPO Director was on the Board of the YMCA. The MPO has been routinely paying for the MPO memberships in various Chambers of Commerce, and has been paying for the Director's lunch at these events. In some instances, the MPO has been paying extra to allow the MPO Director to speak at the luncheon or breakfast event. While some of these events may generate good will for the MPO or the Director, these are not within the core mission of the MPO. We examined MPO transactions over a four-year period and found 34 instances where the MPO paid for sponsorships, including \$400 for a sponsorship paid to benefit the Boy Scouts of America. Although the sponsorship may seem to be for a good cause, it does not serve a legitimate business purpose for the MPO and is an inappropriate expenditure of public funds. Further, none of these expenditures were approved by the MPO Board.

The MPO is not self-supporting and is using the County's bank account to fund operations. This situation is occurring off-the-books on a day-to-day basis because the MPO's cash is commingled in the same bank account as County funds. If only the MPO's funds were in the bank account, the MPO would consistently be operating in a deficit situation, and its operations, as currently structured, could not continue. During the period July 1, 2014 through June 30, 2015, the balance was never positive. The deficit was never less than \$131,424.52, and on September 12, 2014, the balance due to Lake County rose to \$479,711.99. The fact that a balance has been due to Lake County for several years shows that the MPO is not able to sustain its operations consistently and cannot pay its obligations when they come due. Also, the need for the MPO to use the County's consolidated cash account to this extent demonstrates that the MPO is not independent of the County. There is no agreement between the MPO and the County that obligates the County to fund MPO operations.

MPO staff solicit contributions from contractors for the annual dinner; this practice is inappropriate and could give the perception of public corruption. Each year the MPO sends out letters to various firms that it has consulted or worked with announcing the annual awards dinner. The letter describes the event's activities, as well as the benefits that will be given if the firm "sponsors" the event with a monetary contribution. We surveyed a list of the firms that were sent a letter for the January 2015 dinner and two of them acknowledged that MPO staff has called them directly asking for a contribution. One of the consultants was a contractor for the MPO for several years and expressed that he has stopped doing business with the MPO because he believes that the organization has a different philosophy of doing business than he does, and different from that of the County, as well. He further stated that it is his opinion, and generally known by other firms, that the distribution of work on task orders is tied to contributions.

An MPO Staff Services Agreement exists between the MPO and Lake County, whereas, the County agrees to, "...furnish the MPO with technical assistance as may be required and necessary to manage the business and affairs of the MPO and to carry on the transportation planning and programming process..." Currently, the County provides services for and access to human resource and risk management, information technology, contract management, accounting and records management, and legal assistance. The agreement specifies that the MPO shall pay to the County an administrative fee for the services provided by the County in the amount of five percent of MPO revenues. The agreement between the MPO and Lake County does not detail all services provided. There is no basis for the five percent fee charged by the County for services provided. The fee should reasonably approximate cost to the County.

Our report contains a total of 54 recommendations for improvement. Management concurred with all of the recommendations.

INTRODUCTION

Scope and Methodology

We conducted an audit of the Lake-Sumter Metropolitan Planning Organization (MPO). Our audit objectives were:

1. To determine whether MPO receipts and disbursements are appropriate and accounted for properly.
2. To determine whether MPO activities are approved, appropriate, and in compliance with grant documents, contracts and other agreements.
3. To determine whether there are any additional opportunities for improvement.

To determine whether MPO receipts and disbursements are appropriate and accounted for properly we interviewed MPO and County Finance staff, analyzed transactions, examined payment supporting documentation, reviewed applicable policy and procedures, and analyzed the allowability of grant expenditures.

To determine whether MPO activities are approved, appropriate, and in compliance with grant documents, contracts and other agreements we interviewed MPO staff, reviewed provisions of grant agreements and other contracts, analyzed transactions, inspected MPO invoices of fees charged, reviewed procurement processes and task orders, examined grant funding agency report submissions, reviewed MPO Board minutes, and examined employee evaluations and salary history.

To determine whether there were any additional opportunities for improvement we interviewed MPO staff, examined approvals of transactions, reviewed establishment of funds and accounts, inspected employee files, examined employee calendars and email, reviewed policy and procedures, and examined unusual transactions.

Our audit included such tests of records and other auditing procedures as we considered necessary in the circumstances. The audit period was January 1, 2014 through July 31, 2015. However, transactions, processes, and situations reviewed were not limited by the audit period.

The scope of the audit did not include an evaluation of the quality of plans and other technical work performed by the MPO.

Overall Conclusion

We conclude that a significant portion of the MPO's receipts and disbursements are inappropriate and are not accounted for properly. We also conclude that a significant portion of MPO activities are not approved, appropriate or in compliance with grant documents, contracts, and other agreements. We did not evaluate the quality of plans and other technical work produced by the MPO; and accordingly, we express no conclusions on such. Opportunities for Improvement are included in this report.

Background



MPO Office Building

A metropolitan planning organization is an agency created by federal law to provide local input for urban transportation planning and allocation of federal transportation funds. Section 339.175, Florida Statutes, requires that metropolitan planning organizations be designated for each urbanized area of the state, and each designated metropolitan planning organization must be created and operated pursuant to an interlocal agreement.

On December 9, 2003, the Governor designated and apportioned the membership of the Lake-Sumter Metropolitan Planning Organization (MPO). An interlocal agreement was then created and recorded on February 18, 2004 and currently includes Lake County, Sumter County, Town of Astatula, City of Bushnell, City of Center Hill, City of Clermont, City of Coleman, City of Eustis, City of Fruitland Park, City of Groveland, Town of Howey-in-the-Hills, Town of Lady Lake, City of Leesburg, City of Mascotte, City

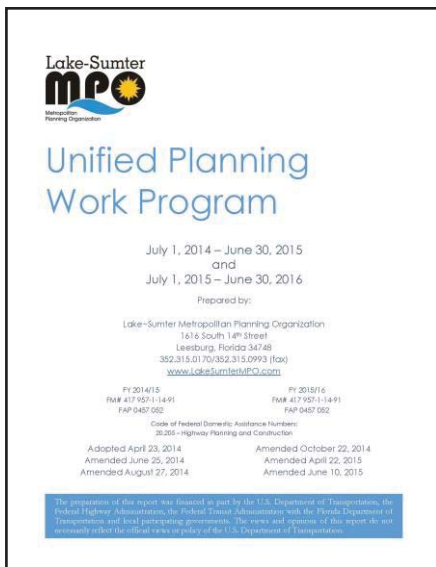
of Minneola, Town of Montverde, City of Mount Dora, City of Tavares, City of Umatilla, City of Webster, City of Wildwood, Florida Central Railroad, Lake County Schools, and Sumter County Schools. The parties of the agreement contracted to "...participate cooperatively in the performance, on a continuing basis, of a coordinated, comprehensive transportation planning process to assure that highway facilities, mass transit systems, bicycle and pedestrian facilities, rail systems, air transportation and other facilities will be properly located and developed in relation to the overall plan of community development." As a result of this agreement, the MPO's major responsibility is "...the development of transportation-related plans and programs, including but not limited to:

- (a) The LRTP [Long Range Transportation Plan];
- (b) The TIP [Transportation Improvement Plan];
- (c) The UPWP [Unified Planning Work Program];
- (d) Incorporating performance goals, measures, and targets into the process of identifying and selecting needed transportation improvements and projects;
- (e) A congestion management process for the metropolitan area and coordinated development of all other transportation management systems required by state or federal law;
- (f) Assisting the Department [Florida Department of Transportation] in mapping transportation planning boundaries required by state or federal law;
- (g) Supporting the Department [Florida Department of Transportation] in performing its duties relating to access management, functional classification of roads, and data collection; and
- (h) Performing such other tasks required by state or federal law."

The MPO is centrally located between Lake County and Sumter County in the City of Leesburg, Florida. The organization is currently managed by a governing board, an executive committee, an executive director, a GIS manager, a transportation planner, a projects manager, a transportation disadvantaged coordinator, and an executive assistant. Its governing board consists of 29 board members (16 voting and 13 non-voting) representing the various entities of the Lake-Sumter region. The MPO Governing Board typically meets on the fourth Wednesday of every month and all meetings are open to the public. The Executive Committee is comprised of select board members whose purpose is to efficiently address matters not feasible to be heard by the full MPO Board in a timely fashion; the MPO Board may refer items to the Executive Committee for action or recommendation.

The MPO has three advisory committees and five task forces. The Bicycle and Pedestrian Committee is a committee appointed by the MPO Board members from a broad base of professionals and concerned citizens, whose mission is to advise the MPO Board on bicycle and pedestrian issues. The Citizen's Advisory Committee is comprised of interested community members, providing a communication link between the MPO and the community it is serving. The Technical Advisory Committee is comprised of planners and engineers from the various local governments of the MPO; its input may include making technical design recommendations and verifying that all documents conform to the appropriate standards. The MPO's task forces meet to promote regional transportation solutions, including the Public Transportation Task Force which monitors the progress of the LakeXpress, Lake County's public transportation service, along the US Highway 441 corridor.

An MPO Staff Services Agreement also exists between the Lake-Sumter Metropolitan Planning Organization and Lake County whereas, the County agrees to, “...furnish the MPO with technical assistance as may be required and necessary to manage the business and affairs of the MPO and to carry on the transportation planning and programming process...” Currently, the County provides services for and access to human resource and risk management, information technology, contract management, accounting and records management, and legal assistance. The agreement specifies that the MPO shall pay to the County an administrative fee for the services provided by the County in the amount of five percent of MPO revenues. Each of the MPO staff has agreed to follow the Lake County employee handbook, as well as the County’s procurement and travel policies and procedures.



One of the primary planning documents developed by the MPO is the Unified Planning Work Program (UPWP). All metropolitan planning organizations are required to develop a UPWP annually. The UPWP provides an annual planning work program that identifies the transportation planning budget and activities to be undertaken in the metropolitan area. Each specific planning task that is to be accomplished during a two year period is described including the purpose of the task, previous work accomplished, proposed methodology to accomplish tasks, responsible agencies, cost estimates, and proposed funding sources. The Work Program is broken down into seven major categories of activity, including: 1. Administration, 2. Data Collection, 3. Long-Range Planning, 4. Short-Range Planning, 5. Public Transportation, 6. Public Involvement, and 7. Special Projects – Regional Planning. Some categories are further broken down into individual tasks.

Several other planning documents are developed by the MPO, including the Public Involvement Plan (PIP), Transportation Improvement Plan (TIP), Long Range Transportation Plan (LRTP), Transit Development Plan (TDP), and the List of Priority Projects (LOPP). The PIP identifies the planning strategies and the planning activities to be undertaken and provides a process that ensures opportunities for the public to be involved in all phases of the MPO’s planning process. The TIP represents the transportation improvements that have been programmed for the following five-year period. The LRTP was built around the region's vision for a true multimodal transportation network, incorporating goals, objectives, and strategies that reflect the MPOs adopted Constrained Corridors Policy and corridors designated as multimodal while addressing future transportation needs. The TDP is the strategic guide for public transportation in Lake County. It includes an evaluation of existing services, a review of demographic and travel behavior characteristics of the service area, a summary of local transit policies, the development of proposed transit enhancements, and the preparation of a five-year financial plan. The LOPP represents the unfunded transportation improvements that were not programmed for the following five-year period, in order of priority. The Florida Department of Transportation uses each metropolitan planning organization’s LOPP to aid in their decisions as to which projects should be added to their Work Program each year.

The MPO's activities are primarily funded by the Florida Department of Transportation (FDOT) and are accounted for using the state fiscal year (FY), July to June. Some additional services are provided by the MPO to participating governments on a fee-for-service basis; these sales activities include Pavement Management Services, Transportation Management System services, and Geographical Information System services. Activities, such as its annual awards dinner, are funded with event sponsorships. In FY 2014 and FY 2015, the MPO received the following funding sources:

Revenue Source	Description	FY 2014 Amount	FY 2015 Amount
FDOT	Grant: Metropolitan Planning Funds (PL 112)	\$512,136.00	\$650,562.68
FDOT	Grant: Safe School Access Transportation Study	65,837.06	0.00
FDOT	Grant: Safe Routes to School Program	102,261.67	0.00
FDOT	Grant: Project Development and Environmental Study	81,490.67	79,900.40
FDOT	Grant: Transit Related Tasks of the UPWP	122,352.32	53,040.46
FDOT	Grant: Transportation Disadvantaged Program	46,171.00	46,249.00
Other Governments	Pavement Management Services	105,300.85	29,744.44
Other Governments	Transportation Management System Services	141,961.00	156,158.00
Other Governments	Geographical Information System Services	8,658.00	7,522.98
Sponsorships	Annual Dinner Event Ticket Sales and Donations	9,275.00	8,085.00
Other	Gas Tax Allocation	4,750.00	0.00
Other	Surplus Sales	1,125.00	0.00
Other	Contributions	0.00	495.00
	Total Revenues	\$1,201,318.57	\$1,031,757.96

Grant-funded sources are paid on a reimbursable basis. Periodically, the MPO reports to the funding agency and submits supporting documentation for reimbursement of its related expenditures. The following presentation shows all of the MPO's expenditures for FY 2014 and FY 2015 as reported:

Expenditure Description	FY 2014 Amount	FY 2015 Amount
Personal Services	\$546,112.89	\$539,580.53
Professional Services	453,134.93	246,393.12
Accounting and Audit Fees	15,000.00	15,000.00
Contractual Services	725.00	1,650.00
Travel and Per Diem	12,925.56	5,974.91
Communications	7,288.15	7,584.65
Freight and Postage	2,000.00	2,053.63
Rentals and Leases	54,534.12	54,795.72
Insurance	4,442.00	4,442.00

Repairs and Maintenance	30,903.00	17,988.11
Printing and Binding	107.71	0.00
Reprographic Charges	9,020.93	7,635.76
Promotional Activity	3,850.28	1,915.36
Other Current Charges and Obligations	7,359.45	7,756.33
Office Supplies	7,189.29	5,245.36
Information Technology Supplies	0.00	3,749.66
Books, Publications and Dues	2,940.00	2,742.04
Training	3,427.00	2,100.00
Machinery and Equipment	7,476.25	0.00
Aid to Government Agencies	5,500.00	5,500.00
Aid to Private Organizations	3,100.00	0.00
Administration Costs	24,387.43	24,399.20
Total Expenditures	\$1,201,423.99	\$956,506.38

The MPO Board consists of 29 members representing Lake County, Sumter County, and various municipalities. The following list includes the 2016 MPO Board, indicating whether the member is voting or non-voting and the area each represents:

2016 MPO Board Member List		
Member Name	Type	Representing
Tim Sullivan (2 nd Vice Chairman)	Voting	Lake County
Sean Parks	Voting	Lake County
Jimmy Conner	Voting	Lake County
Leslie Campione (Chairman)	Voting	Lake County
Welton Cadwell	Voting	Lake County
Don Burgess (1st Vice Chairman)	Voting	Sumter County
Doug Gilpin	Voting	Sumter County
Al Butler (Alternate)		Sumter County
Don Hahnfeldt (Alternate)		Sumter County
Ray Goodgame (Immediate Past Chairman)	Voting	City of Clermont
Diane Travis (Alternate)		City of Clermont
Linda Bob	Voting	City of Eustis
Jim Richards	Voting	Town of Lady Lake
Dan Vincent (Alternate)		Town of Lady Lake

Jay Hurley	Voting	City of Leesburg
Bob Bone (Alternate)		City of Leesburg
Pat Kelley (Chairman-Elect)	Voting	City of Minneola
Lisa Jones (Alternate)		City of Minneola
Nick Girone	Voting	City of Mount Dora
Marc Crail (Alternate)		City of Mount Dora
Robert Wolfe	Voting	City of Tavares
Kirby Smith (Alternate)		City of Tavares
Mitchell Mack	Non-voting	Town of Astatula
Raymond Lewis	Non-voting	City of Fruitland Park
John Gunter (Alternate)		City of Fruitland Park
Tom Loucks	Non-voting	City of Groveland
Dina Sweatt (Alternate)		City of Groveland
David Nebel	Non-Voting	Town of Howey-in-the-Hills
Ed Conroy (Alternate)		Town of Howey-in-the-Hills
Sally Rayman (Lake At-Large Representative)	Voting	City of Mascotte
Barbara Krull (Alternate)		City of Mascotte
Joe Wynkoop	Non-voting	Town of Montverde
Glenn Burns (Alternate)		Town of Montverde
Peter Tarby	Non-voting	City of Umatilla
Katherine Adams (Alternate)		City of Umatilla
Bil Spaude	Non-Voting	City of Bushnell
Vacant	Non-voting	City of Center Hill
Richard Huff (Sumter At-Large Representative)	Voting	City of Coleman
Kelly Williams (Alternate)	Non-voting	City of Webster
Ed Wolf	Non-voting	City of Wildwood
Julian Green (Alternate)		City of Wildwood
Pete Petree	Ex-Officio	Florida Central Railroad

Matt Schwerin (Alternate)		Florida Central Railroad
Mark Dodd	Ex-Officio	Lake County School Board
Bill Mathias (Alternate)		Lake County School Board
Christine Norris	Ex-Officio	Sumter County School Board
29 Members = 16 Voting + 10 Non-voting + 3 Ex-officio		

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Lack Of Adequate Management Resulted In Inadequate Controls Over Staff, Questionable Expenditures Of Grant Funds, And Questionable Uses Of Public Funds.

The MPO Director has not exercised adequate administrative control over MPO staff, MPO activities, and MPO funds. As a result, there is little assurance that some staff have routinely worked their required hours, and the establishment of a team environment with staff has been hindered. The Director has adopted a practice, without formal MPO Board approval, of largely working from home. He has allowed some of the staff members to also work from home a significant part of the week. He has not established adequate performance measures to ensure the staff members are actually working, nor has he sought MPO Board approval for a work from home policy. As a result of this situation, we cannot provide reasonable assurance that the Director and staff, who work largely from home, are working their required number of hours. See Opportunity For Improvement No. 3 for specific discussion of issues relating to this practice.

There is a lack of accountability over expenditures of grant funds, including reporting false expenditures to the Florida Department of Transportation, the agency providing grants to the MPO. These reports, which identified only an apportionment of the budget rather than the required actual expenditures, were signed by the MPO Director. Further, the Director's emphasis seemed more on charging expenditures to grants where funds were available, rather than making sure expenditures charged to the grant were actually expended on activities related to the grant. For example, the Director has not required staff to maintain time records which identify the amount of time spent on each activity. In some cases, expenditures have been re-allocated to other grants to maximize total usage of grant funds. See Opportunity For Improvement Nos. 4 and 5 for specific discussion of issues relating to grant funds.

The MPO Director has used MPO funds for questionable purposes. These questionable expenditures range from a holiday cruise for MPO staff (\$200 cost) to numerous sponsorships paid to civic organizations. For example, the MPO Director paid the entry fee for the YMCA's Dragon Boat in a Chamber of Commerce Dragon Boat event. This was at a time when the MPO Director was on the Board of the YMCA. The MPO has been routinely paying for the MPO memberships in various Chambers of Commerce, and has been paying for the Director's lunch at these events. In some instances, the MPO has been paying extra to allow the MPO Director to speak at the luncheon or

breakfast event. While some of these events may generate good will for the MPO or the Director, these are not within the core mission of the MPO. Further, none of these expenditures were approved by the MPO Board. See Opportunity For Improvement Nos. 7, 12 and 13 for specific discussion of issues relating to questionable expenditures.

The MPO has a specific statutory mission, and it has a responsibility to the citizens it serves to use funds to accomplish that mission. It further has a responsibility to administer public resources prudently and with a system of checks and balances. Without basic controls, government operations are left unchecked, and taxpayers are vulnerable.

The MPO is operating without a Finance Manager, which if established, should help ensure proper fiscal operation in the future. Independence of the position could be enhanced with the position being the employee of one of the member governments, with the employee having the authority to manage financial operations.

Once adequate administrative controls are established, the mission is evaluated and followed, and only appropriate activities are charged to grant funds, the MPO may not have sufficient funds to conduct all activities. Through conducting only those activities that are necessary to fulfill the core mission of the MPO, negative financial impacts may be minimized. The MPO Management and Board should consider whether the current structure, including an independent MPO using Lake County central services, is the most efficient and effective structure. This structure should be evaluated during the re-assessment of the nature of MPO operations.

We Recommend management work with the MPO Board to:

- A. Evaluate the current structure of the MPO and make any needed modifications.
- B. Immediately establish adequate administrative control, including implementation of the recommendations in this report.
- C. Establish an independent financial manager position.
- D. Cease all expenditures not necessary to fulfill the core mission of the MPO.

Management Response:

- A. Management concurs with the recommendation to work with the Governing Board, as well as the Executive Committee, to evaluate the current structure of the MPO. The evaluation will include consideration of several new policies and will include an assessment of the agreement and financial arrangement with Lake County. Management has taken the constructive feedback provided throughout the audit process to enhance the management approach regarding staff, activities and funds.

- B. Management concurs and is complying as feasible with the recommendation to implement the recommendations of the audit report. Recommendations that cannot be implemented solely through management will be discussed with the Executive Committee and Governing Board for policy direction.
- C. Management concurs with the recommendation that a financial manager position is worth consideration. Management cannot implement this recommendation without authorization of the Governing Board.
- D. Management concurs that grant funds will be utilized to fulfill the core mission of the MPO. Non-grant-related activities will be evaluated for applicability to the core mission and will be taken to the Governing Board if necessary.

2. The MPO Is Not Self-Supporting And Is Using the County’s Bank Account To Fund Operations.

The MPO’s ability to operate as an independent organization without cash flow assistance is questionable. Further, the MPO is using the County’s cash in its bank account to float MPO operations. This situation is occurring off-the-books on a day-to-day basis because the MPO’s cash is commingled in the same bank account as County funds. If only the MPO’s funds were in the bank account, the MPO would consistently be operating in a deficit situation, and its operations, as currently structured, could not continue. As of December 31, 2015, the balance due to Lake County was \$194,694.10. However, these funds are for County operations, not to fund the operations of another government entity. We reviewed the daily balance of the amount of cash in the County’s bank account that is being used by the MPO in the fiscal year ending June 30, 2015:

Balance Date	MPO Cash Deficit
July 1, 2014	(\$285,429.35)
August 1, 2014	(\$381,743.56)
September 1, 2014	(\$446,939.38)
October 1, 2014	(\$297,558.64)
November 1, 2014	(\$315,450.52)
December 1, 2014	(\$157,812.29)
January 1, 2015	(\$227,555.17)
February 1, 2015	(\$289,719.94)
March 1, 2015	(\$356,717.24)
April 1, 2015	(\$308,344.98)
May 1, 2015	(\$249,161.61)
June 1, 2015	(\$337,622.76)
June 30, 2015	(\$206,343.69)

During the period shown in the table, the balance was never positive. The deficit was never less than \$131,424.52, and on September 12, 2014, the balance due to Lake County rose to \$479,711.99. We further reviewed the balances since October 1, 2012 and noted that every balance was negative.

The fact that a balance has been due to Lake County for several years shows that the MPO is not able to sustain its operations consistently and cannot pay its obligations when they come due. Also, the need for the MPO to use the County's consolidated cash account to this extent demonstrates that the MPO is not independent of the County. There is no agreement between the MPO and the County that obligates the County to fund MPO operations. The County does not mark or budget these funds for use by the MPO. The use of the account should be approved by the Board of County Commissioners, including setting a limit on the amount that is available to the MPO. Otherwise, the county funds should only be used for County operations.

We Recommend management immediately:

- A. Work with County Finance to ensure that the MPO's cash is maintained separately from County funds. MPO receipts and disbursements should be accepted and paid using only the MPO's bank account.
- B. Work with the jurisdictions to establish a formal agreement providing a working cash balance for the MPO. Until the agreement is in effect, management should obtain approval from the Board of County Commissioners permitting the use of Lake County pooled cash, including setting a limit on the amount that is available to the MPO.

Management Response:

- A. Management concurs with the recommendation to work with Lake County Finance as necessary to resolve any accounting issues.
- B. Management concurs with the recommendation to work with the Governing Board to receive direction on the creation of the recommended cash balance fund. Management will follow the direction of the Governing Board regarding the recommended agreement for local jurisdictions to provide the working cash balance. Management will work with the MPO Governing Board and the Lake County Board of County Commissioners to address the recommended agreement regarding the MPO's use of Lake County funds on a temporary basis until the funds are reimbursed through federal and state grant funding.

3. Work From Home Practices Should Be Evaluated, Including The Director's Practice Of Working From Home.

The MPO Director and some staff members are allowed by the Director to work from home. While reviewing the work from home policies, we noted the following:

- A. The Director is not reasonably present in the office. According to staff, the Director only comes to the office approximately two days a week. This includes days on which the MPO Governing and Executive Boards meet. As an example of his absence from the office, the Director frequently comes to the County Finance department in Tavares to sign timesheets rather than sign them at the MPO office because it is closer to his home. Other examples include attendance at various business openings and luncheons. We found several online pictures of the Director attending various events, including a ribbon cutting ceremony for Tiki West Raw Bar and Grill during business hours.

The duties outlined in the Director's job description require limited absence from the office. Moreover, a manager must be present to be able to reasonably perform administrative duties, as well as other duties including managing staff, observing and resolving personnel or performance issues, and being available to provide information to the public and to the MPO Board members as needed.

When the manager is not available, it can lead to decreased performance in the staff, lack of structure, inability to make and meet office goals, little to no communication with staff, and deterrence from the mission of the organization. Increased presence of the Director could have minimized the situations described in Opportunity For Improvement Nos. 5, 6, 11, and 14 through 20.

Additionally, a Lake County employee procedure states that, "...supervisory approval is required when an exempt employee intends to substitute any portion of the normal work day to conduct County business from any remote location," including at home. There has been no work from home time approved for the Director by the MPO Board.

- B. Staff is working an excessive amount of time away from the office. Three of the five MPO staff members work an average of one to three days away from the office per week, and up to four days per week.

An integral part of the mission of the MPO requires communication with other agencies, availability to the public and the MPO Board members, and coordination amongst each other, as well as other counties, municipalities and MPOs.

When staff is away from the office for significant portions of working hours, their ability to coordinate and develop plans could be hindered as they would not be available to work with counties and municipalities, they would have limited time to work on plans from their offices, and the public would have little to no direct access to the staff. Additionally, each staff member who works from home lives one hour or more away from the office. If they are urgently needed during business hours, they would not be available within a reasonable amount of time. For a work from

home program to be successful, specific performance measures and benchmarks must be in place and formally monitored by a supervisor. This has not been done.

- C. There is no accountability for the Director's time and location. The Director's calendar does not give a clear indication of his actual location and activities throughout the day. Additionally, based on emails sent by the Director, it appears that his work day does not regularly begin until on or after 10:00 A.M. Out of 2,380 emails sent by the Director during the period from September 25, 2013 to September 24, 2015, only 192 (6%) were sent on or before 10:00 A.M. The Director, however, has mandated to his staff that office hours are from 7:30 A.M. to 5:30 P.M.

As the Director is ultimately responsible for meeting goals and objectives, operations, management of staff, and coordination of activities, he should be reasonably present and available to carry out his duties as Director.

When the Director is not available and not accountable for his time, this could lead to deterrence from the organization's mission, misdirection of staff, lack of communication, missed goals and deadlines, and an overall mismanagement of the organization.

- D. The work from home practices are not consistent among staff and lack proper supervision. Office policies should be fair and consistent among staff and there should be management review of work performed. We noted the following:
1. Based on staff interviews, only three of the five MPO employees are allowed to work from home. One works from home occasionally, and only one day a week, while another works up to four days a week from home. One of the planners is allowed to work from home, while another is not. There are no criteria detailing the circumstances in which an employee may or may not work from home.
 2. While the employees are working from home, they are not given any policies or procedures to follow detailing the work from home requirements. They all agree that they do not know how they are being held accountable for their time each day; they simply know that in the end they have to get their work done. Both the staff and the Director agree that they do not keep track of their time during the day. According to the Director, there is no guarantee that the staff members are working their standard 40 hours per week when working from home. He said that he has no way to account for their time. Also, the primary communication between the staff and the Director is via email and phone, at outside meetings, and at monthly staff meetings.

Staff has indicated that the excessive work from home has led to projects not being managed well and deadlines that are nearly missed. When staff is centrally located and management monitors work, there is a decreased risk of poorly managed projects and missed deadlines. Management can catch problems in their early stages rather than when it may be too late.

Because of the lack of accountability over the Director’s time and the employees’ time, we cannot provide reasonable assurance that normal full-time hours are being worked by those employees who do not regularly work in the office.

We Recommend management take immediate action to:

- A. Work with the MPO Board to require the Director to primarily work in the MPO office.
- B. Establish and enforce minimum office time requirements for the MPO staff.
- C-D. Re-evaluate the work from home program and establish a written work from home policy which includes criteria for working from home, requirements for working from home, and a process for regularly monitoring work performed from home, including the establishment of detailed performance measures. This policy should be approved by the MPO Board.

Management Response:

A-D. Management concurs with the recommendation to work with the Governing Board on a policy that would address out-of-office work activities for all staff including the executive director.

4. Expenditures From Grants Should Have A Verifiable Basis.

Mismanagement of grants has occurred consistently by management of the MPO. We reviewed the grant agreements with state agencies, federal and state cost principles, including the Code of Federal Regulations (CFR), reports submitted to state agencies, and related expenditures. The allowability of significant amounts of grant expenditures is questionable, and expenditures are not segregated in accordance with grant agreements; some amounts reported to state agencies are falsely reported and the reports are not submitted timely. The following describes our concerns:

- A. The allowability of many grant expenditures is questionable. During our analysis of grant transactions, we noted that many of the expenditures charged may not be allowed in accordance with 2 CFR 200. In some instances, the funds may have been spent for allowable purposes but, we could not determine the amount because of inadequate systems and procedures. The following table illustrates the types of transactions we found that may not be allowed:

Item Number	Cost Description	Explanation of Questioned Expenditures	Total Amount	Date Range or Number of Transactions
1	Personal Services	Personal services are allocated among grant sources at the end of the quarter based on monies available with the remaining cost allocated to planning (PL 112) grants. According to County Finance staff, the percentages used to allocate personal services between discretionary (grant) and non-discretionary funds are an estimate, are not based on time studies, and are not provided by MPO staff; sometimes the allocation to the PL 112 grants is simply a "plug number" at the end of the year to expend any grant funds not used. MPO staff do not track their time spent on each grant, task, or project. Some of these expenditures were spent for authorized purposes; however, because of inadequate systems, we could not determine an allowable amount.	\$875,368.25	07/01/13 - 06/30/15
2	Speaking Event at a Chamber of Commerce Breakfast or Luncheon	The audience of the event is area businesses that are members, not the public at large. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during breakfast or lunch. Costs of advertising designed solely to promote the entity are unallowable.	\$1,400.00	7
3	Inadequate Supporting Documentation	Cannot determine the purpose of the purchase or the benefits received due to a lack of supporting documentation. Costs must be adequately documented.	\$1,685.71	6
4	Annual Dues - Individual Memberships	Costs for memberships are allowable for the entity (not individuals).	\$3,593.00	14

5	Sponsorship of Events - Including Awards Galas, Meetings and Events with Legislative Advocate Entities, Golf Tournaments, Dragon Boat Festivals and a Music Festival	Some of the costs include no indication of benefits received; these costs are basically a contribution. Other costs include minor opportunities for advertising the entity, such as the MPO logo in the event materials; these costs are for advertising. Costs of contributions and advertising designed solely to promote the entity are unallowable. Costs of certain influencing activities associated with obtaining grants, contracts, agreements and loans are unallowable. Costs of entertainment including social activities are unallowable.	\$3,870.00	18
6	Registration of Events to Meet with Legislators and Elected Officials	Costs of certain influencing activities associated with obtaining grants, contracts, agreements and loans are unallowable.	\$270.00	4
7	Training Course - Other	Leadership Course for MPO Director. Course included 33 hours of class training and 5.5 hours of phone call coaching totaling \$142.86 an hour, assuming that the director took advantage of the coaching calls. The cost does not appear to match the benefits received. Costs must be necessary and reasonable.	\$5,500.00	1
8	Training Course - Repeat Registration for Same Employee	Leadership Training Course for the MPO Director. There were three such expenses with the same supporting documentation. According to the Director, there was no distinct difference between the courses; no additional benefit was received. Costs must be necessary and reasonable.	\$790.00	2
9	Registration of Events - Payment for Rental of Booth Space and MPO Logo on Event Materials	Costs of advertising designed solely to promote the entity are unallowable. Costs of events related to other activities of the entity including costs of displays, demonstrations, and exhibits are unallowable.	\$200.00	1
Totals			\$892,676.96	56

For a detailed list of all of the questioned costs related to grant funding sources, see Appendices A and B; note that the item number in the table above correlates with the item numbers listed in the Appendices. Components of some of these questioned costs are described in further detail related to payments of sponsorships in Opportunity For Improvement No. 7 and related to expenditures which do not meet a public purpose in Opportunity For Improvement No. 13.

During an interview with the MPO Director, he stated that expenses are charged to the grants based on what's allowable. He makes the decision as to what monies are expended; and no one has ever questioned anything. Once approved by the director, supporting documentation for expenses and any check requests are forwarded to County Finance. According to the accountant for the MPO in County Finance, she ensures that all expenses have been approved by the director and expenses are briefly reviewed for compliance with the grantor agencies primarily based on what has been approved in the past. The accountant also stated that sometimes charges are made to the grants because monies are available, which does not ensure the amount charged to a grant reasonably correlates to work performed on that grant. As the table illustrates, we found a significant number of transactions that are questionable and possibly unallowable.

The level of scrutiny applied to MPO grant expenses is inadequate. With all transactions being approved by the MPO Director and reviewed by County Finance, there should not be any question as to whether the transactions are allowed. If these costs are later determined to be unallowable, there is a possibility that some or all of the funds may have to be repaid to the grantor agency. Costs should be reviewed for reasonableness, as well as compliance with the granting agencies and CFR cost principles prior to incurring the expense, and then again prior to submission to County Finance, ensuring that the supporting documentation is adequate. See Opportunity for Improvement Nos. 6 and 13 for further details on related issues.

- B. The Project Account expenditures are not segregated in accordance with the grant agreements. During our review of the grant agreements, we noted that several of them address the establishment and maintenance of accounting records. Specifically, the Joint Participation Agreement with FDOT for Transportation Planning Funds states that:

“The MPO shall establish for the Project Account, in accordance with the requirements of 49 CFR 18.20, separate accounts for each task and subtask of the Project Budget, to be maintained within its existing accounting system or set up independently. Such accounts are referred to herein collectively as the Project Account.” Section 2.01 states: “The Project under this Agreement is defined as the preparation and adoption of the biennial UPWP for the Metropolitan Planning Area which is supported by PL funds.”

However, we found that the accounting records are not maintained separately for the project, and accounts are not maintained for each task and subtask as required by the grant agreements. Instead, the expenditures of multiple revenue sources are commingled, there is no matching of revenue sources and associated expenditures, and the expenditures cannot be traced to the related task and subtask.

- C. The percentage of grant funds spent is calculated and falsely reported to the grantor agency. During our review of the quarterly reports sent to FDOT for the PL 112 funds, we noted that each submission includes a one-page document summarizing by UPWP task the amount of funds to be reimbursed and the percent of authorized funds spent. For the past two fiscal years from July 2013 through June 2015, the MPO reported the same percentage of authorized funds spent on every task in each quarter. It is likely that the MPO simply took the total amount authorized for

the year and divided it by the amount to be reimbursed for the quarter to arrive at the percent of funds spent. This rate was then applied to the individual amount authorized for the year for each task. It is unlikely that the MPO actually spent every dollar in equal percentages for each task in every quarter. As a result, the MPO is falsely reporting the amounts to be reimbursed for each task because they are actually “plug numbers.”

The information in the following table was reported to FDOT in the third quarter for FY 2015. Note that the amount listed as the PL balance was also reported for the fourth quarter in the same manner on each report.

UPWP Task Number	Total PL Funds Authorized	Reimbursable Costs Incurred to Date	PL Cost Previously Invoiced	Funds to be Reimbursed This Invoice	Percent of Authorized Funds Spent
1.00	\$102,480.00	\$76,081.15	\$50,966.29	\$25,120.07	74.24%
2.00	\$51,240.00	\$38,040.57	\$25,481.56	\$12,560.03	74.24%
3.00	\$102,480.00	\$76,081.15	\$50,966.29	\$25,120.07	74.24%
4.00	\$51,240.00	\$38,040.57	\$25,481.56	\$12,560.03	74.24%
5.00	\$76,859.00	\$57,060.12	\$38,223.67	\$18,840.05	74.24%
6.00	\$76,859.00	\$57,060.12	\$38,223.67	\$18,840.05	74.24%
7.00	\$51,240.00	\$38,040.57	\$25,481.56	\$12,560.03	74.24%
Total	\$512,398.00	\$380,424.93	\$254,824.60	\$125,600.33	74.24%
PL Balance	\$131,973.07				

The PL 112 Joint Participation Agreement with FDOT, Section 2.03 includes, “Reimbursement will be made on monthly or quarterly billings, based on actual expenses incurred by the MPO in furtherance of the Project. Requests for payment shall include documentation of expenditures as required by 49 CFR 18.41, as appropriate, and of work accomplished by the MPO, and shall include a narrative progress report.”

However, the MPO is not reporting the amount actually spent on each task. During our review of the related supporting documentation, we could not determine the actual amounts that should be reported for each line item because none of the documentation indicates the task associated with the cost.

The false reporting of expenditures is serious, and should be stopped immediately. These false expenditure reports were approved and signed by the Director of the MPO. The Director was aware that the expenditures were not the actual expenditures.

- D. Quarterly reports to FDOT are not submitted timely. According to 49 CFR 18.41 (b) (4) Due Date, “When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period...” As a result, we reviewed the timeliness of the quarterly reports submitted to FDOT for the past two MPO fiscal years and found that all of them were submitted late. In fact, two consecutive reports were submitted as many as 76 days late each.

The following table illustrates the MPO's lack of timeliness during the two-year period for the PL 112 funds:

Reporting Period	Date Due	Date Signed (Submitted)	Days Late	Reimbursement Requested
07/01/13 – 09/30/13	10/30/13	12/19/13	50 days	\$131,062.81
10/01/13 – 12/31/13	01/30/14	03/26/14	55 days	\$126,392.93
01/01/14 – 03/31/14	04/30/14	05/29/14	29 days	\$110,344.08
04/01/14 – 06/30/14	07/30/14	08/27/14	28 days	\$144,336.18
07/01/14 – 09/30/14	10/30/14	01/14/15	76 days	\$117,216.69
10/01/14 – 12/31/14	01/30/15	04/16/15	76 days	\$137,607.91
01/01/15 – 03/31/15	04/30/15	06/17/15	47 days	\$125,600.33
04/01/15 – 06/30/15	07/30/15	08/10/15	11 days	\$131,973.07

The MPO's lack of timeliness demonstrates a disregard for being compliant with the Federal regulation.

We Recommend management:

- A. Ensure that personal services allocations to each funding source are based on actual time spent on the related tasks. This could be done by requiring staff to track their time spent relative to each source and submitting the resulting percentages to County Finance.
- B. Coordinate with County Finance to establish a separate chart of accounts for each of the grants, identifying each task and subtask of the Project Budget.
- C. Ensure that it reports expenditures of PL 112 funds, based on actual costs spent on each task, in accordance with the Joint Participation Agreement with FDOT.
- D. Ensure that reporting to funding agencies is submitted timely.

Management Response:

- A. Management concurs with the recommendation that time tracking of staff activities will support the accuracy of what is charged to each funding source, grant and non-grant. Management implemented a new time tracking process January 4, 2016, and is utilizing the data to structure the FY 2016/17-2017/18 Unified Planning Work Program.
- B. Management concurs with the recommendation to establish a separate chart of accounts for each of the grants and management will work with Lake County Finance on this issue.
- C. Management concurs with the recommendation to report expenditure of the Federal Highway Administration PL-112 funds based on actual costs spent on each task rather than on pro-rated estimates.
- D. Management concurs with the recommendation to submit progress reports within the required timeframes to funding agencies.

5. Management Should Cease Charging Grant Funding Sources For Personal Services Related To MPO Sales Activities.

We reviewed the allocations for personal services, including the method and amounts charged to various funding sources. We have the following concerns:

- A. Personal services are being charged to grant funds for questionable activities. During our review of MPO activities, we found that a significant amount of the salaries and benefits were inappropriately paid with monies received from the Florida Department of Transportation (FDOT). These grant funds are disbursed to the MPO specifically to reimburse it for costs incurred in the development and performance of the Unified Planning Work Program (UPWP). However, the MPO regularly includes personal services expenses for activities that are not a part of the plan in its accounting for grant revenues and reports the amounts to FDOT for reimbursement.

The MPO has several other revenue sources, including those monies received for:

1. Transportation Management System services,
2. Pavement Management Services,
3. Geographic Information System services, and
4. Sponsorships for its annual dinner.

These items are discussed in detail below:

1. Transportation Management System: The MPO offers services such as traffic studies to Lake and Sumter counties and cities through the Transportation Management System (TMS). The interlocal agreement for TMS services provided states that they, "... are not part of the state and federal requirements regarding tasks achieved through the use of state and federal funds."

A review of FY 2014 and FY 2015 expenditures revealed that the personal services for two employees were charged to the TMS account: the GIS Manager's allocation is 50% to TMS and the TMS Specialist's allocation is 100% to TMS. There is no basis for these percentages. None of the staff track the time they actually spend on projects and therefore, the amounts may be inaccurate. Additionally, we later discovered that a third employee also works on TMS activities, but all of this employee's personal services were charged to grant funds, causing the amount reported to FDOT for personal services to be overstated. See Opportunity For Improvement No. 6 for further details on this subject.

2. **Pavement Management Services:** The MPO provides professional services through the use of an on-call Pavement Management Services (PMS) contract. These services are not state or federally funded and, therefore, are also unallowable. One MPO employee, the Project Manager, is responsible for all aspects of managing the contract, including assisting in the development of the contract's scope of services, soliciting cost estimates for related projects, and reviewing consultant invoices for payment. During an interview with the MPO Director, he stated that 5% of the Project Manager's time is billed to the PMS account. However, in FY 2014 and FY 2015, all of the personal services for this employee were charged to grant funds, were not properly matched with PMS activities, and the personal services reported to FDOT were further overstated. Since the MPO staff do not track their time working on projects, if 5% was charged to PMS, there is no way to be certain that it would be a good estimate because it has no basis. See Opportunity For Improvement No. 6 for further details on this topic.
3. **Geographic Information System:** The MPO also offers Geographic Information System (GIS) services to municipalities using interlocal agreements; these services are not state or federally funded and the related costs are unallowable. GIS activities include ensuring that the subscriber's GIS data is up-to-date and available, as well as performing other services upon request. One MPO employee, the GIS Manager, is responsible for managing the system and services. In FY 2015, 5% of this employee's time was allocated to offset the related cost activities. This employee has stated in an email that he does not regularly record his time worked for each subscriber project, therefore, 5% may not be an accurate percentage of the personal services that should be allocated to GIS services. Additionally, because the service subscribers are billed for projects based on hours worked, the hours billed may be also be inaccurate. See Opportunity For Improvement No. 6 for further details on this subject.
4. **Sponsorships:** Each year, the MPO hosts an Annual Horizon Awards Dinner to recognize persons and organizations that have contributed to the accomplishment of MPO activities throughout the year. This event is not listed among the tasks approved by the grant funding agency. According to MPO staff, all employees have a part in the preparation and participation of the event. However, during our review of the 2014 and 2015 annual dinner expenses, we found that all the personal services related to the event were inappropriately charged to grant funds, causing the amount reported for personal services incurred to be overstated. See Opportunity For Improvement No. 8 for further details on this topic.

All of the personal services incurred for each of the services and activities described above should not have been charged against grant funds. The Joint Participation Agreement with FDOT clearly states that, “Reimbursement will be made on monthly or quarterly billings, based on actual expenses incurred by the MPO in furtherance of the Project.” The MPO Director sends a quarterly report to FDOT, which includes the amount incurred for personal services of the Project and a certification that all the amounts listed are “true and correct.” However, the amount of personal services charged to the grant funds is inaccurate and includes amounts for unallowable activities; therefore, the amount reported to FDOT is false.

- B. The method of allocating personal services to funding sources is improper; in fact, it has no verifiable basis. According to County Finance staff, percentages are used to allocate salaries and benefits between discretionary (grants) and non-discretionary funds. The percentages used are an annual estimate, are not based on time studies, and are not provided by MPO staff. Sometimes the allocations are simply a “plug number” at the end of the year to expend any grant monies not used.

For example, the MPO’s GIS manager performs work related to grant funded tasks, as well as, TMS, GIS, and annual dinner services and activities. For FY 2015, County Finance estimated personal services for this employee to be allocated at 45% to grants, 5% to GIS services, and 50% to TMS services, as shown below:

Activity or Service Performed by Employee	Pre-determined Allocation (no verifiable basis)	Actual Allocation (no verifiable basis)
Grant Funded Tasks	45.0%	54.3%
GIS Services	5.0%	5.0%
TMS Services	50.0%	40.7%
Annual Dinner Activities	Not Estimated	0%

Notice that the actual allocation to the TMS services is not 50% of his salary. We found a journal entry at year-end moving \$8,343 (9.3%) from TMS services to grant funded tasks; the support for the entry provided by County Finance staff included the following note, “Reclass to 9595115 to spend out PL funds;” 9595115 refers to the financial account used to manage grant funded tasks. This entry illustrates that the method of allocating personal services to accounts is sometimes done to expend available grant funds.

Additionally, inquiries with the MPO staff, including an interview with the Director, confirmed that MPO staff do not track their time worked on various activities. Therefore, the amounts charged to the various funding sources are not based on actual time worked.

The revenues and expenditures for the TMS, PMS, GIS and annual dinner activities are not state or federally funded; therefore, they should not be commingled with the funds for grant related activities. During our review of the MPO’s charges for personal services, we noted that the

personal services for only two employees are allocated to non-grant funds. However, as previously noted, additional personal services are incurred for these activities that are instead being charged against grant funds. Because the staff do not track their time spent on projects, those that are allocated are likely inaccurate.

During our audit, we also selected a sample of 61 transactions related to grant funded expenditures that were incurred during the last two fiscal years; among the transactions included several entries for personal services costs. However, we could not determine whether those entries were necessary and reasonable for the grant award because the staff do not track their time worked on the tasks approved by the state funding agency. There is no basis for the personal services cost allocations and an estimate of the amount that should be allocated cannot be reasonably determined. Also, as noted in Opportunity For Improvement No. 3, controls over time worked by employees are inadequate, and there is little assurance employees are working the number of hours for which they are paid. As a result of all of these issues, the basis for all of the personal services costs during the audit period is questionable.

Allocations for personal services should be based on actual time worked on the task or service. Personal services should never be allocated to grant funded sources simply because they have not all been expended. Costs associated with the management of other MPO services should be matched with the collection of the fees for the services provided.

We Recommend management:

- A. Ensure that personal services allocations to each funding source are based on actual time spent on the related tasks. This could be done by requiring staff to track their time spent relative to each source and submitting the resulting percentages to County Finance.
- B. Ensure that any financial reporting to state or federal agencies is true and correct, and based on actual, allowable expenditures, unless the agency requires otherwise.

Management Response:

- A. Management concurs with the recommendation to ensure personal services allocations to each funding source are based on actual rather than estimated time spent on each task. This will be accomplished through the new time-tracking process established by management January 4, 2016.
- B. Management concurs with the recommendation to ensure financial reporting to state or federal agencies is correct and is supported and substantiated by documentation including the tracking of staff time.

6. MPO Sales Activities Should Be Re-Evaluated.

In addition to the grant funded activities, the MPO provides a number of services to the member governments for a fee. These services include Pavement Management Services (PMS), Transportation Management System (TMS) and Geographic Information System (GIS) services. The PMS activities include preparation of paperwork to obtain consultants needed to perform the related services, review and payment of consultant contracts, and management of consultants. According to an interlocal agreement, services included in the TMS program include, "...database management for crash data, traffic counts, functional classifications, roadway capacity, Level of Service (LOS) and encumbered or reserved trips, and services such as MPO review of traffic impact studies, rezonings and comprehensive plan amendments, policy formulation, grant writing and funding research." The agreements for the GIS services state that the services to be provided are, "...to secure MPO's services to update the town's GIS data, restore the town's GIS software and plotters to operational status, make the town's GIS data available on a complete or limited basis." In addition, other general GIS services will be included. While reviewing the sales activities, we noted the following:

- A. Personal services costs incurred for Pavement Management Services (PMS) are charged against grant funds. A proper matching and accounting of all receipts and disbursements should be performed. We reviewed the five most recently completed PMS contracts for Sumter County and the cities of Eustis, Lady Lake, Leesburg, and Tavares. Each of the contracts includes a five percent fee of all tasks for "MPO management services." The fees charged are deposited into one of the MPO's discretionary funds.

As a part of the contract, an MPO staff member is assigned to procure a consultant. This includes preparation of all the paperwork related to drafting the scope of the work, preparation of the schedule and cost estimates, and management of the schedule and delivery of consultant services, in addition to other services as required. The cost of the personal services for this employee, as well as any personal services costs associated with supervision of this employee and his or her work, are allocated in full to the state grant funds received. The staff does not track their time, so we were unable to determine the true cost of the personal services that should have been expensed to the discretionary fund.

This could result in a substantial back payment of all misallocated funds due to the grantor agency. Additionally, because the revenues are not properly matched to expenditures, management may not be able to determine the true benefit or loss resulting from services provided, which could also lead to ineffective budgeting.

- B. The five percent fee charged for "MPO management services" under the PMS contracts has no basis. Fees charged should reasonably approximate and cover the true cost of services. The MPO charges a five percent fee for "MPO management services" under the PMS contracts; this rate is applied to the amount billed by consultants. The total fee charged for the past five completed contracts for Sumter County and the cities of Eustis, Lady Lake, Leesburg, and Tavares is \$7,040. This fee should include the cost of personal services for management of the contract and supervisory review, administrative and operational costs, and costs associated with use of the

County’s Procurement and Finance services, as well as any other costs associated with management of the contracts.

If true costs are not reasonably approximated, there is a risk that these programs are being offered at a loss, taking much needed revenues away from performance of required services by the MPO. Additionally, costs associated with this service may inadvertently be allocated to grant funding, reducing funds to all counties and municipalities within the MPO, while providing a free service to those subscribing to PMS.

- C. Fees charged for the Transportation Management System (TMS) services are not matched to actual costs. For example, fees billed for the WebCDMS System are billed to subscribers although they were never incurred in FY 2015. However, the fees billed to the participating governments for services should approximate actual costs.

A budget is developed for the TMS program each year. The total budgeted cost is then broken down and billed to the participating governments based on population. The table below shows a breakdown of the costs for services.

	Actual Cost	Amount Billed	Paid with TMS Funds	Amounts Billed Less Paid with TMS Funds
Salaries				
FY 2014	Unknown	\$95, 834	\$90,587	\$5,247
FY 2015	Unknown	\$101,917	\$84,542	\$17,375
Hardware/Software/Licensing Fees				
FY 2014	\$400	\$0	\$400	(\$400)
FY 2015	\$0	\$2,500	\$0	\$2,500
WebCDMS System*				
FY 2014	\$12,000	\$12,000	\$12,000	\$0
FY 2015	\$0	\$12,000	\$0	\$12,000
Consulting Fees (On Demand)				
FY 2014	\$0	\$15,000	\$0	\$15,000
FY 2015	\$0	\$15,000	\$0	\$15,000
Traffic Counts Program**				
FY 2014	\$75,000	\$19,700	\$39,746	(\$20,046)
FY 2015	\$85,505	\$25,370	\$35,153	(\$9,783)
Travel and Per Diem				
FY 2014	\$259	\$0	\$259	\$259
FY 2015	\$217	\$0	\$217	\$217

* WebCDMS is a software system that assists with submitting compliance documentation. The subscription to this service was cancelled beginning FY 2015.

**A portion of the Traffic Counts Program Cost was paid out of the grant funds. Traffic counts performed in relation to the TMS services should be fully funded by service fees. See section D below for more detail.

While personal services are budgeted for this service, employee time is not tracked. The total personal services for one staff member and a partial amount for another have been allocated to this fund. These employees perform work directly related to the TMS services. Personal services expenses related to another staff member who performs work directly related to the TMS services are fully allocated to the grant funds, as are personal services expenses related to supervisory review of these staff members. Since employee time is not tracked, we were unable to determine the true cost of personal services related to this service. For further details on this topic, see Opportunity For Improvement No. 5.

In most instances, the MPO is overbilling for services provided. When budgeted costs do not match true costs, participants cannot be sure what services they are paying for. Participants are being led to believe they are paying for services which are not being provided. Conversely, participants are not presented the true costs for other services, such as those for personnel or traffic counts. As these are the major cost factors, participants cannot reasonably compare these figures to providing these services in-house or outsourcing them elsewhere. Participants are provided inaccurate figures for budgeting purposes and determination of cost effectiveness.

D. Expenses for TMS services are inappropriately charged to grant funds. The interlocal agreement between the MPO and the participating governments for the Transportation Management System Program states that the services provided under the TMS are, "...not part of the state and federal requirements regarding tasks achieved through the use of state and federal funds." We noted, however, that grant funds are expended for activities directly related to the TMS services provided to the participating governments for both staff personal services and for traffic counts. We noted the following expenses paid out of the grant funds for TMS services during FY 2014 and FY 2015:



Traffic Counts Station

1. A total of \$85,606 in grant funds was paid to subsidize the fee-based TMS program. The total cost of the traffic counts related directly to the TMS services was \$160,505. Over half, \$85,606, of this cost was paid for with grant funds as shown in the table below.

Year	Total Cost	Paid from TMS Funds	Paid from Grant Funds	% of Fee Paid From Grant Funds
FY 2014	\$75,000	\$39,746	\$35,254	47.0%
FY 2015	\$85,505	\$35,153	\$50,352	58.9%
Total	\$160,505	\$74,899	\$85,606	53.3%

The TMS program was altered in 2011 to include "...management of traffic counts, concurrency data and crash data..." (in addition to other items) as an additional service to member governments. It is designed as a fee-based subscription service. Prior to this time, traffic counts were not conducted by the MPO. The revenue from the subscriptions was intended to cover the costs of this activity. However, the MPO has been using the grand funds to subsidize the activity in lieu of recovering the full cost from the subscribing entities. As a result, grant funds are being used for these additional optional services instead of the core services required to be provided by the MPO.

2. We noted a staff member who performs work directly related to the TMS services, as well as a manager who should be supervising the work performed. The total costs for these additional staff members are about \$41.35 and \$67.60 per hour, respectively. The personal services for these staff members are 100% grant funded.

Staff does not track their time, so we could not reasonably estimate the true costs of the personal services expenditures that should have been associated with the TMS services. For more information on this issue, see Opportunity For Improvement No. 5.

When expenses are not appropriately charged against the correct funds, it could lead to ineffective budgeting; management would not know if the program is financially feasible or in the MPO's best interest. Also, intentionally using grant funds to pay for a service which is not part of the "tasks achieved through the use of state and federal funds" could result in a requirement to reimburse the funds by the grantor agency.

- E. Time billed for Geographic Information System (GIS) services is not always charged at the correct hourly rate. Each of the contracts for the GIS services indicates an hourly rate of \$46.00 per hour for MPO GIS personnel. We noted that 6.7% of total hours invoiced for the GIS services are not billed at the rate of \$46.00 per hour, instead these rates range from \$23.00 to \$48.00 per hour. The invoices do not indicate the reason for the change in fees from the agreed upon rates.

When time is not invoiced correctly, it could lead to unsatisfied customers, ineffective budgeting, and either missed revenues or the potential for repayment for overbilling depending on the rate charged.

- F. The MPO is providing GIS services based on expired agreements. Agreements should be renewed or replaced before their expiration dates to ensure all provisions are legally in force, and to ensure the agreements meet current needs.

Two out of the three interlocal agreements for GIS services has expired; one expired on July 15, 2012 and the other on November 27, 2013. Invoices were issued relating to these contracts as recently as June 1, 2015 and June 5, 2015, respectively, two to three years after the expiration date of the agreements; another invoice is pending. The table below indicates the dates and invoiced amounts for work related to these agreements:

Municipality	Agreement Dates	Date of Most Recent Invoice	Max Agreed Cost	Invoice Amount Before Expiration	Invoice Amount After Expiration
Groveland	01/25/12 – 7/22/12	06/01/15	\$2,760	\$1,702	\$11,314*
Minneola	12/05/12 – 12/05/13	06/05/15	No Max	\$3,142	\$3,849

*According to the GIS manager, there is an invoice pending for City of Groveland which is not included in this total.

Each of the agreements states that, “If any work or service hereunder is in progress but not completed as of the date of termination, this Agreement may be extended upon written approval of the parties for a period of time not to exceed an additional one hundred and eighty (180) calendar days.” However, neither of the agreements has been extended. According to the MPO GIS Manager, the interlocal agreements provided “are the sole reference sources to the GIS services.”

As the contracts are no longer valid, there is no way to enforce payment for services. Additionally, there is an increased liability to the MPO, as well as Lake County, as Lake County bears the risk for the MPO for any issues which may arise as a result of these services.

We Recommend management:

- A. Require staff to track their time spent on each task. Personal services should be charged to the correct fund based on time spent on related tasks.
- B. Reasonably approximate costs of services sold and assess fees accordingly.
- C. Work with County Finance to ensure that budgets and billed amounts reasonably approximate actual costs for each cost factor.
- D. Ensure that all expenses are charged to the appropriate funding sources. Grant funds should not be expended for services not included in grant funding requirements.
- E. Develop a process for ensuring that invoices are billed at the appropriate contractual rate for services.
- F. Establish new contracts for the GIS services. Contracts should be kept current and renewed as necessary.

Management Response:

- A. Management concurs with the recommendation to track staff time and to charge personal services to the correct fund based on time spent on tasks including non-grant activities such as Pavement Management Program services, Geographic Information Systems services, and Transportation Management System services not eligible for grant reimbursement.
- B. Management concurs with the recommendation to reasonably approximate the cost of specialized services provided to local governments, including Pavement Management Program services. Management will assess fees for specialized services based on approximated or actual staff time. Staff time will be charged to the funding source resulting from assessed fees.
- C. Management concurs with the recommendation to ensure budgets and billed amounts reasonably approximate actual costs for each cost factor. The MPO's Transportation Management System Budget will be evaluated to compare amounts estimated in the budget to actual costs incurred. One factor affecting this issue is the requirement that the MPO adopt and distribute to local governments at least six months in advance the upcoming fiscal year TMS Budget. The Governing Board will determine if any changes are needed to the budget structure, the cost factors, and the manner in which personal services costs are covered by TMS funds.
- D. Management concurs with the recommendation to ensure expenses are charged to appropriate funding sources. Grant funds will be expended only on activities that are grant-eligible. Some activities included under the Transportation Management System are grant-eligible activities such as the collection of and analysis of traffic count data and the management of the traffic counts contracts.
- E. Management concurs with the recommendation to develop a process for ensuring that invoices are billed at the appropriate contractual rate for services, such as for Geographic Information System services provided per interlocal agreement with local governments.
- F. Management concurs with the recommendation to establish new contracts for Geographic Information System services.

7. Management Should Immediately Cease The Practice Of Paying Sponsorships.

The MPO regularly pays to sponsor events and organizations; the practice is an inappropriate use of MPO funds. We examined MPO transactions over a four-year period and found 34 instances where the MPO paid for sponsorships, including \$400 for a sponsorship paid to benefit the Boy Scouts of America. Although the sponsorship may seem to be for a good cause, it does not serve a legitimate business purpose for the MPO and is an inappropriate expenditure of public funds. The remaining 33 payments made were for event sponsorships.

The following table illustrates the types of sponsorships paid by the MPO and the amount of operating funds that were spent.

Organization	Events Sponsored	Amount
Boy Scouts of America	Organization Sponsorship	\$400
Chamber Alliance	3 Lake County Days, 2 Board of Director's Workshops	\$1,100
FAITH Neighborhood Center	Golf Tournament, Smythe Scholarship Fundraiser	\$425
FOCUS Magazine	2 Rifles, Rails and History Events	\$200
Florida Planning and Zoning Association (FPZA)	FPZA Conference	\$250
Lake County Economic Development	Lake County Economic Development Summit	\$250
Lake Eustis Area Chamber of Commerce	Chamber Breakfast Meeting	\$400
Leesburg Area Chamber of Commerce	No Show Virtual Event – Dirty Jobs, Leesburg Business Expo	\$800
Mount Dora Chamber of Commerce	Chamber Breakfast Meeting	\$100
National Association of Regional Councils (NARC)	NARC Annual Conference and Exhibition	\$550
Tavares Chamber of Commerce	Lake Business Expo, 2 Golf Tournaments, 2 Dragon Boat Festivals, YMCA Dragon Boat Entry, 3 Chamber Luncheon Meetings, 2 Business of the Year Galas	\$2,750
Umatilla Chamber of Commerce	2 Chamber Luncheon Meetings 1 Chamber Breakfast Meeting	\$300
Visit Mount Dora	Mount Dora Blues and Wine Festival, 2 Blues N' Groove Music Festivals	\$1,100
Sponsorships Paid		\$8,625

Note that these transactions are included in Opportunity for Improvement No. 13 related to expenditures which do not meet a legitimate public purpose.

In some instances, the MPO did receive a small benefit in exchange for its contribution. For many of the events, the MPO benefit included advertising opportunities, such as the MPO logo included in the event materials and on the organization's website. The chamber breakfast and luncheon events gave

the MPO an opportunity to speak to the business group for a short period of time. Other sponsorships provided tickets for entry to the event; for example, one of the sponsorships paid for the Blues N' Groove music festival, provided the MPO a booth space (pictured left), two admission tickets, two 2-day drink tickets and two t-shirts. Overall, the benefits received do not justify the expense, many benefits simply promote the entity, and acceptance of some other benefits is inappropriate for a governmental entity.

In addition to the benefits received not lending to serve a public purpose or the mission of the MPO, the MPO Director has outside interests with some of the organizations that were sponsored. For example, the Director is a board member of the Tavares Chamber of Commerce, a board member of Visit Mount Dora, and a board member of the YMCA. However, the Director approved payments to sponsor these organizations in the amount of \$3,850, almost half of the sponsorships paid during this period. Not only are these sponsorships an inappropriate use of MPO funds, the Director appears to be favoring those organizations of which he is a board member.



These sponsorships were paid using two sources of MPO operating funds. A total of 27 out of 34, or 79.4%, of the transactions were paid using grant funding sources, totaling \$5,600. The remaining sponsorships were paid with discretionary funds received for providing pavement management and GIS services to other governments. However, none of the funding sources should be used to pay for sponsorships; instead, they should be used to cover the operating costs related to the source.

MPO Management has attempted to justify sponsorships by saying that part of their mission is to perform outreach with the public. While their statutory mission includes seeking public comment on specific plans, promoting the MPO and/or its Director with public funds is not appropriate.

We Recommend management immediately cease paying sponsorships to other organizations.

Management Response: Management concurs with the recommendation to immediately cease paying sponsorships to other organizations. If a specific activity is desired as part of the MPO's public outreach efforts, management will obtain prior approval through the Governing Board and through the Florida Department of Transportation, as applicable.

8. No Costs Incurred For Annual Award Dinners Should Be Charged To Grants And Practices Related To The Dinner Should Be Improved.

We reviewed the reasonableness of the annual award dinners, including the charges for personal services and the award selection process. We have the following concerns:

- A. Personal services incurred for annual dinner activities are charged against grant funds; this is an improper use of grant monies. According to MPO staff, everyone has a part in either planning or working the event, but during our review of fund accounts, we noted that none of the related personal services were matched with the other event receipts and disbursements. Additionally, according to the Code of Federal Regulations, 2 CFR 200.438, costs of social activities are unallowable, except where the specific costs have a programmatic purpose and are authorized for the federal award or approved by the federal awarding agency. However, the annual dinner is not itemized in the approved budget for the federal award and does not have a programmatic purpose. Therefore, all receipts and disbursements associated with the annual dinner should instead be included in an unrestricted fund; the related expense for personal services should also be included as an event expense to provide a proper matching and accounting of all receipts and disbursements.



MPO Annual Awards Dinner
Banquet Room, 2013

- B. A reconciliation of annual dinners purchased and dinners served is not performed. According to an MPO employee, except for the past two years, staff would bring a list of paid guests to the dinner and check off attendees at the door; however, this is no longer done. The employee stated that each year the guests are basically the same people and that they know who has paid, but reconciliation is not done. Without a list of attendees, it is not possible to determine whether everyone who attended actually paid or whether everyone who paid actually attended.
- C. The annual dinner award selection process is subjective and is not based solely on nominations. In the current process, MPO meeting attendees are invited to nominate individuals, projects, and organizations for the various annual awards by making their elections in an online form available on the MPO website. Once all of the nominations have been received, MPO employees hold a staff meeting where they discuss the nominations received, their opinion of those nominations, and their opinion of who should be selected for the awards. Those that are selected to receive an award may not have been chosen from those that were nominated; they may simply be the staff nomination during the meeting. As a result, the value of the nomination process is negated because staff may be considering their own opinion more than the nominations. When the process is negated, it may appear that preferential treatment is given to those that receive awards. In order to make the selection process more formal, staff should submit their own nominations through the website, rather than simply bringing them to the meeting table verbally. Objective criteria for selections should be established and selections should be done by a committee of the

MPO Board, rather than staff. These measures would make the decision based solely on formal nominations and lessen the chance that staff nominations would be affected by the opinions of the other staff.

We Recommend management:

- A. Require staff to track their time spent on the annual dinner; personal services should be charged to the discretionary fund relative to the times noted by staff.
- B. Instruct staff to take an attendance of annual dinner guests. The list of attendees should be reconciled to a list of paid dinners.
- C. Ensure that the selection process for awards is based solely on nominations received through the website. Verbal nominations should not be accepted. Determination of who receives the awards should be made by a committee of the MPO Board, and if the board makes the award, staff could be permitted to make nominations.

Management Response:

- A. Management concurs with the recommendation to track staff time spent on the annual Horizon Awards Dinner. Management will consult with the Florida Department of Transportation to ensure that grant-eligible costs associated with the public event are included in the MPO's Unified Planning Work Program and management will charge non-grant-eligible costs to the discretionary fund consisting of event sponsorship dollars.
- B. Management concurs with the recommendation to take attendance of attendees of the annual Horizon Awards Dinner. The list of attendees shall be reconciled to a list of paid dinners. This modification was implemented for the 2016 event.
- C. Management concurs with the recommendations regarding the selection process for the annual Horizon Awards.

9. Solicitation Of Sponsorship Funds For The Annual Dinner Should Not Be Made To Current Or Prospective Contractors.

MPO staff solicit contributions from contractors; this practice is inappropriate and could give the perception of public corruption. Each year the MPO sends out letters to various firms that it has consulted or worked with announcing the annual awards dinner. The letter describes the event's activities, as well as the benefits that will be given if the firm "sponsors" the event with a monetary contribution.

We surveyed a list of the firms that were sent a letter for the January 2015 dinner and two of them acknowledged that MPO staff has called them directly asking for a contribution. One of the consultants was a contractor for the MPO for several years and expressed that he has stopped doing business with the MPO because he believes that the organization has a different philosophy of doing business than he does, and different from that of the County as well. He stated that in the past he has been contacted by the MPO staff and asked to make a contribution. He further stated that it is his opinion, and generally known by other firms, that the distribution of work on task orders is tied to contributions.

During our review of the employee files, we noted that all of the staff have signed an acknowledgement of receipt of the BCC Employment Policies Manual; the manual clearly states that:

“Vendor solicitations for sales or donations for any purpose are prohibited unless approved by the BCC [MPO Board].”

By soliciting contributions, the MPO staff have given the impression to contractors that work will be distributed to them when they contribute money to the MPO. Contributions should not be solicited from current or prospective vendors.

We Recommend management cease the practice of soliciting contributions from organizations that perform services related to MPO business, including current and prospective vendors.

Management Response: Management concurs with the recommendation to not solicit contributions for the annual Horizon Awards Dinner from vendors. Management does not request sponsorships from vendors with which the MPO has contracted during the last two years. Management will work with the Governing Board on a policy that would address sponsorships for MPO events.

10. Receipts And Disbursements From Established Accounts Should Be Prescribed in Written Policy By The MPO Board.

During our audit, we reviewed the establishment and approval of the MPO’s existing financial accounts. We noted the following:

- A. Governing documents do not exist for the MPO financial accounts. MPO funds are currently managed in one fund, including three organization codes, each with its own chart of accounts. One code is used to account for all grant monies and the other two codes are used to account for the MPO’s discretionary monies. It is a common practice for non-profit organizations and governmental entities to establish governing documents for each set of financial accounts to formalize the way in which the funds are controlled and managed. However, there are no formal documents that provide the MPO and County Finance staff direction with regard to what expenditures are allowed to be charged. To ensure that the MPO funds are properly managed,

governing documents should be developed describing the objectives, purpose, types of expenditures allowed, and approvals that must be obtained for each set of accounts.

- B. The discretionary accounts have not been properly authorized by the MPO Board. The two sets of discretionary accounts were established during 2007 and 2008; one was created to manage the receipts and disbursements related to the Transportation Management System while the other manages all other discretionary activities. We reviewed the MPO Board minutes recorded in 2007 and 2008 and noted that there was no discussion of or approval for establishing any of these financial accounts; however, the MPO Board should establish the purpose and use of all funds received by the MPO. Because the purpose and use of the discretionary accounts have not been established and documented, there is no guarantee that the funds will be used as intended or for an appropriate MPO purpose.



MPO Board Meeting – 2010

We Recommend management:

- A. Develop a governing document for each funding source, written and approved by the MPO Board. The documents should describe the objectives, purpose, types of expenditures allowed, and approvals that must be obtained for each set of accounts.
- B. Ensure that the MPO Board has approved the establishment and use of all fund accounts.

Management Response:

- A. Management concurs with the recommendation to develop a governing document for each funding source, with said governing document to be approved by the Governing Board. The governing documents will describe the objectives, purpose types of expenditures allowed, and the approvals that must be obtained for each set of accounts.
- B. Management concurs with the recommendation to ensure the Governing Board has approved the establishment and use of all fund accounts. Funds are governed by grant requirements or by interlocal agreements. Governing Board approval will ensure the various funds and uses are administered per policy.

11. Funds Collected Have Not Been Used As Intended.

Memorial funds have been collected but not used. A long time employee of the MPO passed away in February 2015. Money was collected for a memorial fund for her. A total of \$465 was collected for this memorial; the last amount received was recorded on April 24, 2015.

During the April 22, 2015 MPO Board meeting, it was discussed that once all funds were received, the MPO would know how much they had to work with and would decide what to do with the funds; something would be done "soon." As of January 6, 2016, we found no evidence that the funds have been used towards a memorial for the employee nor has the MPO Board agreed as to how the funds would be used.

When funds are not used for the purpose intended, or not used in a reasonable time frame, it increases the potential for improper use of the funds, theft of the funds, and a lack of trust in the organization by contributors.

We Recommend management work with the MPO Board to determine how the funds will be used, and subsequently use them in a timely manner for the intended purpose.

Management Response: Management concurs with the recommendation to work with the Governing Board to determine how the memorial funds will be used. Management will place the item on the agenda of the April 27, 2016, meeting of the Governing Board.

12. Staff Christmas Activities Should Not Be Paid From MPO Funds.

MPO staff attended a holiday boat tour paid with MPO funds; this purchase is inappropriate and does not serve a public purpose. During our review of transactions, we found that the Director used his County issued purchasing card to pay for the staff to participate in a one-hour holiday boat tour. The \$200 private boat tour was purchased from Premier Boat Tours in Mount Dora. MPO funds should only be used for a public purpose and should serve to fulfill the mission of the MPO; they should not be used for private purposes, such as for a boat tour, regardless of the reason or funding source.

Using public funds for a private purpose is a misuse of funds, gives the appearance of favoritism, and deters from the mission of the organization.

We Recommend management ensure that all transactions support the business purpose and mission of the MPO and are for a public purpose.

Management Response: Management concurs with the recommendation to ensure that all transactions support the business purpose and mission of the MPO and that the transactions are for a public purpose.

13. Questionable Expenditures Of The MPO Which May Not Meet A Public Purpose Should Be Discontinued Immediately.

The MPO Board approves a general budget for the coming year which includes categories for Public Involvement, Annual Dues and Certifications, Conference Registrations, Pens and Sponsorships, Chamber Memberships, and Chamber Meals; it does not itemize these expenses. We noted the following payments, which we believe are not reasonable expenses supporting the mission of the MPO, totaling \$21,864, which have been made by MPO Management without specific MPO Board approval from October 1, 2012 through September 10, 2015:

- A. \$5,957 for annual memberships in Leesburg Partnership, Visit Mount Dora, and nine chambers of commerce, including the East Lake County, Lady Lake Area, Lake Eustis Area, Leesburg Area, Mount Dora, South Lake, Sumter County, Tavares, and Umatilla Chambers of Commerce . These memberships range from \$50 to \$275 per year. The MPO is paying dues similar to those charged to private businesses. These memberships promote the MPO, or the staff of the MPO, and are not a formal mechanism to solicit public input on MPO plans. Therefore, we question the propriety of these expenditures.

- B. \$4,350 for 18 speaking events and sponsorships to the various chambers and chamber events. Eleven of these sponsorships were paid to the Tavares Chamber of Commerce. The MPO Director is on the Board of Directors for the Tavares Chamber of Commerce. The sponsorships include, but are not limited to:
 - 1. Speaking events at chamber breakfasts and luncheons: As much as \$400 was paid per event. The primary purpose of attending these events is to promote the MPO. The audience is area businesses that are chamber members; the public is not invited. The MPO is paying for the opportunity to speak at a luncheon or breakfast meeting. We question the propriety of these expenditures.

 - 2. Entry fee for the YMCA, another non-profit, in the Dragon Boat Festival races: The MPO Director was on the YMCA Board when the MPO sponsored the YMCA team’s entry into the race. This expenditure does not appear to serve a legitimate public purpose for the MPO. We question the propriety of this expenditure.



2015 Central Florida Dragon Boat Festival on Lake Dora in Tavares Florida

3. Golf tournaments: Sponsorship of these events paid for a booth space. The purpose of sponsoring the event was to promote the MPO. These sponsorships are not a formal mechanism to solicit public input on MPO plans. Therefore, we question the propriety of these expenditures.
 4. Business of the Year Galas: Each event was for a reception and presentation of awards to Tavares chamber business members.
- C. \$3,525 for 13 event sponsorships for 8 non-chamber organizations, including the Boy Scouts of America, Chamber Alliance, FAITH Neighborhood Center, Visit Mount Dora, and FOCUS Magazine. We question the propriety of these expenditures. The events include, but are not limited to:
1. Golf Tournament: The MPO was a Tee to Green sponsor for the Smythe Scholarship Fundraiser.
 2. Mount Dora Blues and Wine (later named Mount Dora Blues N' Groove): This sponsorship was made to Visit Mount Dora. The MPO Director was also the Director of the Visit Mount Dora Board of Directors. As of January 6, 2016, he was still listed as the Director of the Visit Mount Dora Board.
 3. Rifles, Rails, and History: The MPO's name and logo were included on the FOCUS Magazine website and in the event program of the magazine. The purpose of sponsoring the event was to promote the MPO.
 4. Florida Planning and Zoning Association Conference: The purpose of sponsoring this event was to promote the MPO. The payment was in response to a solicitation letter; the Director's wife was listed as the contact for the event sponsorship.
- D. \$523 for 41 luncheons at chambers of commerce and the League of Cities. While the Director has stated that he is representing the MPO when he attends the luncheons, there is no discernable direct benefit to the mission of the MPO from attending these meetings. Note that 33 of the 41 lunches attended were with the Tavares Chamber of Commerce, in which the Director serves as a board member. We question the propriety of these expenditures.
- E. \$1,099 for promotional pens and holiday wine glasses. Promotional pens have been ordered with the MPO logo on them. These pens are distributed to the public when applicable. The wine glasses were purchased from the Tavares Chamber of Commerce. We question the propriety of this expenditure.
- F. \$6,290 for three leadership training courses for the MPO Director through the Corbin Group, \$900 of which was paid to be a coach. The courses were aimed at effective communications, conflict management, problem solving, creating success, teambuilding, and effective management. The MPO Director took a total of six of these courses during the period identified. We question whether sufficient benefit was obtained to justify the cost of some of these courses, as in the case

of one course at \$5,500 which amounted to \$142.86 per hour; and, in some instances the same course was repeated multiple times. No such training was provided to the staff.

- G. \$120 for an awards dinner event for WTS Advancing Women in Transportation. Two MPO employees attended this event. There was no indication that any benefit to the mission of the MPO was received from attendance at this event. We question the propriety of this expenditure,

A total of \$5,396, or 24.7%, of the expenditures we deemed unreasonable were made to organizations for which the MPO Director was on the Board and, in one instance, the Director's wife was involved in planning the event.

The MPO Board is the Director's supervisor; therefore, the MPO Board, or its designee, should approve the Director's expenditures. Additionally, any memberships, promotional activities, holiday parties and other related items should be approved by the MPO Board prior to the expense activity. See Opportunity for Improvement Nos. 7 and 12 for more information on these topics.

The MPO Board has not approved these expenditures. When the MPO Board is not aware of all expenditures, there is a risk that funds may be spent for an improper purpose which may benefit private individuals more than the mission of the MPO. Additionally, prior approval of expenditures by the MPO Board helps alleviate expenditures resulting from an apparent conflict of interest, as illustrated through the various payments to organizations in which the MPO Director is a member or on the board of directors.

Note that some of the transactions are also discussed in Opportunity For Improvement No. 7 in relation to sponsorships paid.

We Recommend management immediately cease all expenditures that are not for a legitimate public purpose of the MPO. For any questionable expenditure, management should seek the advance approval of the MPO Board including a determination of the public purpose served.

Management Response: Management concurs with the recommendation to ensure expenditures are used for a legitimate public purpose. Management will seek Governing Board approval for any expenditure which public purpose should be determined.

14. The Process Of Procurement Of Contractors Needs Improvement.

Professional services incurred by the MPO are procured through the use of on-call contracts. The County's Procurement Services Division assists and guides the MPO in the establishment of the contracts. Initially, a Request for Statement of Qualifications (RSQ), including a scope of services needed, is disseminated and interested contractors are encouraged to submit information based on their qualifications and experience. During the RSQ process, a selection and interview committee is

assigned to review the proposals and recommend those for award of the contracts. Once the contracts for an RSQ have been awarded, the MPO's staff can select contractors for the performance of projects through the use of task orders; each task order describes the project's scope and includes the selected contractor's budget for the project.

We reviewed the adequacy of the processes related to awarding contracts, contract management and vendor selection for projects. We have the following concerns:

- A. Solicitations do not describe the ranking and selection criteria that will be used during the RSQ process. Each RSQ includes the section, "3.10 Discussions and/or Presentations After Initial Response." This appears to be where the selection and interview committee activities are described in the RSQ; however, nowhere in the RSQ does it include a discussion of the evaluation criteria, weights or scoring methodology used to select from the responding firms for subsequent interviews, nor does it include such a discussion for making the award of the contracts. It is a common procurement practice to objectively qualify contractors using specific criteria. Including a description of the process directly in the RSQ solicitation communicates to respondents that a fair and objective process will be used.
- B. Selection committee members are not always independent of the MPO. We reviewed the composition of the selection committees for four RSQ actions and found that one of the committees was not independent of the MPO. Specifically, the selection committee for one RSQ was comprised of five voting members, four of which were MPO employees; as a result, the majority vote in selecting the vendors for the five contracts that were consequently awarded rested with the MPO. It is important for the creation and the composition of the selection committee to be independent and objective in appearance and fact. However, since the majority of voting members in the selection committee were employees, it could be perceived that the MPO members have influenced the decision of the committee as a whole.
- C. Documentation of selection and interview committee notes are insufficient. We reviewed four RSQ files affecting the award of nine contracts. The selection committee notes do not demonstrate that objective criteria was used; they do not indicate what specific criteria was met by the firms selected for an interview; nor do they state what criteria was not met by those that were not selected. There are no notes in any of the files justifying the ranking made by each committee member. Likewise, the interview committee notes do not state what the deciding criteria were for awarding the contracts.

For one of the contracts awarded, we listened to the audio file of the selection committee. During the committee's deliberations, we noted that most members expressed that the top presenting firms were Contractor #1 and Contractor #2, while one member ranked Contractor #2 third. They agreed that Contractor #1 was a good selection because of its prior experience with a particular project and that Contractor #2 was well qualified to bring new ideas to the project. However, the discussion mainly focused on Contractor #1's prior experience with the project. Not once during the deliberations did any of the committee members mention the other two firms that were interviewed; there was no discussion as to why they were or were not selected. When the

facilitator asked the members to formally rank the firms, all of them ranked Contractor #1 first and Contractor #2 second. There was no discussion by the one member who changed their original ranking of the firms.

Overall, the committee notes are not consistently prepared with sufficient detail. A consistently detailed recording of selection and interview committee meetings is critical to ensure the appearance an objective and fair vendor selection process. Criteria used to rank vendors should be fully discussed and documented in the contract file. Without this documentation, any person performing an independent review of the committee notes cannot determine whether the vendor selection process was a fair and objective decision. The absence of a complete discussion of the ranking of all firms could lead to the perception of a preferential selection.

- D. Contract modifications are used to circumvent competition. During our review of MPO contracts, we noted that the end dates for four out of ten contracts were extended beyond the contract's stated terms. All of the contracts are for engineering services; the terms state that the contracts are effective on August 25, 2010 and may be renewed for four additional one-year periods. However, the contracts have been renewed past the total five-year period. As of January 11, 2016, two of the contracts were still open. The terms of contracts should be followed and reasonable termination dates should be established to ensure that fair and adequate competition is achieved. It appears that management is using modifications to extend contracts instead of soliciting new contracts; it is circumventing competition, and therefore, has limited assurance that the lowest and best services are being procured.
- E. Project managers do not ensure that the best firm is obtained for each task order project. We reviewed the process for selecting the contractor for 16 task orders of on-call contracts. During inquiries of staff, we found that the two MPO project managers do not require that the on-call contractors submit a proposal for projects nor do they maintain any supporting documentation for their selection. As a result, for the 16 task orders issued during the audit period, none of the contractors were competitively selected. These projects fall under CCNA guidelines and the contractor rates have already been established during the contract negotiation; however, the specific projects are not included in the scope of the on-call contract. The project managers should be obtaining proposals for each task order so that they may select the best contractor for the project.

We Recommend management:

- A. Ensure that Procurement Services includes a high level of the evaluation criteria, range of weights, and scoring methodology directly in the solicitations that will utilize the selection committee process.
- B. Ensure that the number of voting members from MPO staff in a selection committee never equal the majority of the voting members.

- C. Work with Procurement Services to ensure that the facilitator's selection and interview committee notes are sufficiently detailed, including a description of the specific criteria used by each member to evaluate the respondents. A discussion of all of the firms interviewed should be encouraged, including why any are not selected.
- D. Follow the terms of contracts. Modifications should not be used to extend the length of a contract beyond the allowed renewals per the contract.
- E. Implement a process requiring staff to obtain project proposals from on-call contractors prior to issuing task orders. The method and rationale for selecting contractors for each project of an on-call contract should also be documented in the MPO contract files.

Management Response:

- A. Management concurs with the recommendation with the exception of establishing a point-based evaluation to the extent permitted by Florida Statutes. Management will follow the policy and procedures of Lake County Procurement Services.
- B. Management concurs with the recommendation to ensure the number of voting members from MPO staff in a selection committee never equal the majority of the voting members. A new process has already been implemented.
- C. Management concurs with the recommendation to work with Lake County Procurement Services to ensure committee notes are sufficiently detailed, including why respondents are not selected.
- D. Management concurs with the recommendation to follow contract terms. The Governing Board will be consulted should a contract term precede the completion of a contract's scope of work.
- E. Management concurs with the recommendations to implement a process for staff to request proposals from on-call consultants prior to the issuance of task orders and to document the rationale for selection of the consultant. Management is managing contracts per Florida Statutes and per the policies of Lake County Procurement Services.

15. Documentation And Authorization For Purchase Card And Travel Expenses Are Insufficient.

We reviewed travel related expenses and purchasing card transactions and found that the supporting documentation was insufficient, approvals were inadequate, and submissions to County Finance were untimely. Specifically, we noted the following:

- A. Travel expenses are not adequately supported. We reviewed the documentation submitted by staff for overnight travel and found that only one out of thirteen trips included sufficient documentation.

The MPO’s practice is to follow the County procedures for employee travel. According to the procedure, overnight travel is either Class A or Class B travel. The LC-22 Travel Procedure states:

“Approval for Class A or Class B travelers should be obtained by completing a Lake County Travel Request Form. A copy of the program or agenda of a convention or conference, itemizing registration fees and any meals or lodging included in the fee, shall be attached to the Lake County Travel Request Form.”

However, during our examination of the supporting documentation submitted for the thirteen trips, we noted the following documentation was missing:

Document Type	Number of Instances Document Missing	Document Purpose
Travel Request Form	7 out of 13	Approval of travel
Event Agenda	3 out of 13	Purpose of travel, planned expenses
Event Registration Confirmation	5 out of 13	Proof of registration
Mileage Map(s)	3 out of 6	Proof of mileage traveled

As the table shows, seven out of thirteen trips showed no evidence of prior approval as required by the travel procedure and, therefore, the trips were unauthorized; six of these unauthorized trips were taken by the Director. The purpose of three of the trips cannot be determined because documentation, such as an event agenda, was not submitted. Also, without mileage maps showing the number of miles traveled, the related reimbursement to the employee is not supported and cannot be reviewed for accuracy.

Additionally, we also reviewed travel expenses related to non-overnight travel and noted that the supporting documentation for those transactions was also lacking agendas and mileage maps. Management should ensure that all travel is authorized and any reimbursement for related travel expenses is justified.

- B. Travel expense reimbursements for the Director are not properly approved. During our review of overnight travel reimbursement requests submitted by MPO staff, we noted that the Director signs his own reimbursement requests. Although it is appropriate for the

Director to sign the travel reimbursement requests for his staff, the Director’s reimbursements should be reviewed and signed by a member of the MPO Board.

The LC-22 Travel Procedure states that, “All travel must be approved by the County Manager, County Attorney, Department Director, or Supervisor.” Therefore, the Director’s travel should be approved by his supervisor, the MPO Board (or authorized board member). However, as previously noted, the Director did not submit a Travel Authorization Form for any of his six overnight travel trips; therefore the trips are unauthorized. Management should ensure that all travel, including that of the Director, is authorized.

- C. Travel expense reimbursement requests are not submitted timely. Our review of travel reimbursement requests for all types of travel revealed that staff frequently accumulate their travel expenses for several months and then submit the expenses to County Finance past the required deadline.

The LC-22 Travel Procedure states:

“All employees are required to complete a Lake County Travel Expense Reimbursement Form in order to claim reimbursement for travel expenses and/or to account for travel advances received. The form should be completed within thirty (30) days of completing the trip.”

Although the MPO uses a Contractor Travel Form created by the Florida Department of Transportation in lieu of the travel expense reimbursement form, the completed forms are submitted to County Finance for reimbursement. However, we noted that many of the trips are submitted later than the required thirty days.

- D. Mileage claimed by MPO staff for meetings appears excessive. During our review of the MPO’s work from home practice, we found that the staff live outside of Lake County and frequently travel to and from meetings from their home.

The following table illustrates how far each employee lives from the MPO offices:

Employee	Distance from MPO to Home (miles)	Time from MPO to Home (minutes)
A	53.4	72
B	22.5	31
C	39.8	55
D	57.7	78
E	23.9	41
F	10.1	20

* The distance and time estimates were obtained using an online mapping service. The data shown represents the shortest distance calculated by the software.

Employees A, C, and D all live outside of the County, with employee D living more than 57 miles from the MPO Building. Since employees A, B, and D are permitted to work from home, they may be claiming an excessive amount of mileage for reimbursement each time they attend meetings because they start and end their commute at their home. Management should consider the reasonableness of the mileage calculation when an employee resides out of the county. While mileage appears to be in accordance with County policy, the amounts being charged could be perceived as abuse.

- E. Multiple trips made to the County Administration building are unnecessary. During our review of non-overnight travel, we noted that MPO employees make multiple trips to the County Administration building to conduct business, such as delivering payroll and purchase card documentation, and printing meeting agendas. Many of these trips are unnecessary. The County provides a mail carrier service to pick-up and deliver inter-office and stamped mail to various County buildings. The MPO should use this County service to decrease its need to travel to other County buildings and reduce the expense of reimbursing staff for unwarranted mileage claimed.
- F. Food and beverage purchases are not properly authorized. During our review of purchase card transactions, we found that in 20 out of 42, or 47.6%, of the transactions including food and beverage purchases, the MPO staff did not submit a Food Purchase Authorization Form prior to making the purchase.

MPO purchase cardholders are required to follow the procedures in the Lake County Purchasing Card Manual. Section 602.23 of the manual lists several types of products and services that are not permitted to be purchased or paid for using purchase card. Among the prohibited uses are any purchase from a package store, any dining or entertainment expense unless approved in writing by the County Manager and, "...any other purchase of food items, unless approved in advance by the Department Director and/or the County Manager as dictated by any separate delegation of authority (see attached Food Purchase Authorization Form). Any food purchase must be in support of a public function." In the case of the MPO, the Director would be the approving authority instead of the County Manager.

However, we found that almost half of the purchases were not supported with a Food Purchase Authorization Form; because these transactions were not authorized prior to making the purchase, the cardholder violated the purchase card procedure in each instance. It is important for all cardholders to comply with the purchasing card manual to ensure that purchases are made responsibly and are not an inappropriate use of funds.

- G. The MPO does not have an adequate policy in place for purchases of food items. Currently, the only policy the MPO follows with regard to purchases of food and beverages is the Lake County Purchasing Card Manual, mentioned above. However, the manual only provides a high level of guidance for purchases and is only applicable to those made with a purchase card. As previously

noted, the MPO does not consistently obtain prior approvals as required. Also, the MPO makes a variety of purchases that include food items that are not made with a purchase card.

The following list shows some of the various types of transactions involving food items that we found during our audit work:

Event	Items Purchased
TD Reception	Lemonade, tea, cups, napkins, bottled water
GIS Meeting	Brownies, assorted cookies
Various Other Meetings	Bottled water, snacks, candy, paper goods
Howl-o-Fest Trunk or Treat	Candy
MPO Staff Holiday Luncheon	Meals for MPO staff
Annual Awards Dinner	Vegetable oil, sodas, catering services

The MPO Director also frequently sponsors chamber breakfast and luncheon meetings. As shown by the table, some food purchases may not be appropriate, like candy for the Howl-o-Fest Trunk or Treat.

An MPO policy should be developed by the MPO Board that outlines when food item purchases are acceptable, the approvals that should be obtained, and the types of items that may be purchased. It should include that all food item purchases require prior approval and be for a public purpose, regardless of the payment method. The Director should approve the purchases of his staff, and a member of the MPO Board should approve those made by the Director. Having an adequate policy in place could ensure that all purchases are reviewed and approved in the same manner.

We recommend management:

- A.1. Require that all overnight travel is prior approved with a completed Travel Request Form. Approvals for MPO staff should be obtained from the Director; approvals for the Director should be obtained by the MPO Board Chair or designee.
- A.2. Ensure that all expenses included in travel reimbursement requests are fully supported with documentation, such as a copy of the approved Travel Request Form, event agenda, event registration confirmation, mileage maps, and other documents as needed.
- B. Ensure that the Director’s Travel Reimbursement Request Forms are approved by the MPO Board Chair or designee.

- C. Ensure all Travel Reimbursement Request Forms are submitted within 30 days of completion of travel.
- D. Assess the reasonableness of calculating mileage for reimbursement from an employee's home, when their home is out of the County.
- E. Work with the County to be added to the mail carrier service's daily route.
- F.1. Ensure that all purchase card transactions are made in accordance with the Lake County Purchase Card Manual.
- F.2. Ensure that approved Food Purchase Authorization Forms are obtained prior to purchases of food and beverages.
- G. Work with the MPO Board to develop an MPO policy that outlines when food item purchases are acceptable, the approvals that should be obtained, and the types of items that may be purchased. It should include that all food item purchases require prior approval and be for a public purpose, regardless of the payment method. The Director should approve the purchases of his staff, and a member of the MPO Board should approve those made by the Director.

Management Response:

- A.1. Management concurs with the recommendation to require documented approval of overnight travel.
- A.2. Management concurs with the recommendation to ensure expenses included in travel reimbursement requests are fully supported by documentation.
- B. Management concurs with the recommendation to ensure Travel Reimbursement Request Forms for the executive director are approved by the MPO Chairman or designee.
- C. Management concurs with the recommendation to ensure all Travel Reimbursement Request Forms are submitted within 30 days of completion of travel.
- D. Management concurs with the recommendation to assess mileage reimbursement policy for reasonableness.
- E. Management concurs with the recommendation to work with Lake County to determine the feasibility of the mail courier serving the MPO more than once per week.
- F.1. Management concurs with the recommendation to ensure that all purchase card transactions are in accordance with the Lake County Purchase Card Manual.

- F.2. Management concurs with the recommendation to ensure approved Food Purchase Authorization Forms are obtained prior to the purchase of food and beverages.
- G. Management concurs with the recommendation to work with the Governing Board on a food purchase policy.

16. IT Purchases Should Be Coordinated With The County IT Department Providing Support.

Technology items are being purchased without the Information Technology Director’s approval. During our review of the MPO cardholder's purchase card transactions, we found purchases of technology related items. We reviewed the documentation supporting for each purchase and found no prior approval was obtained from the Information Technology Director.

According to Lake County’s Purchasing Card Manual:

“You need to get written pre-approval from the Information Technology Director prior to ordering any computer or GIS equipment, peripherals such as monitor, printer, scanner, or modem, or software to [sic] including software upgrades. This is to ensure that the equipment and/or software are compatible with the County’s systems and can be supported by Information Technology. That approval must be documented within the records of the purchase.”

The Lake County Information Technology (IT) department provides support and system access to the MPO. This includes allowing the MPO access to and space on the Lake County servers as well as providing general technical support. When approval is not obtained from the IT department for related purchases, there is the potential that items are not compatible with current County systems or that they may not be supportable by IT personnel. Additionally, there is an increased risk to the data and systems if products purchased are not obtained from reliable sources. For example, a refurbished laptop was purchased in July 2013. The laptop was paid for using Paypal to a company that no longer exists. The refurbished laptop could have been improperly scrubbed of data or could have contained malicious software which could immobilize County systems and potentially put secure data at risk. Review and approval of these purchases by the IT Director could limit these risks.



We also found that three laptops were paid for through PayPal from three different companies within a period of four months. As the County generally purchases computers through the State or other contracts, the MPO may be able to procure equipment for a lower price. As a result, review by the IT Director could also prevent the MPO from spending more than necessary for IT equipment.

We Recommend management obtain authorization from the Information Technology Director prior to making information technology purchases in accordance with Lake County policy.

Management Response: Management concurs with the recommendation to adhere to Lake County policy regarding information technology purchases.

17. The MPO Agreement With The County For Provision Of Services Should Be Reviewed.

An MPO Staff Services Agreement between the MPO and Lake County was developed which includes provisions for Lake County's commitment of personnel to the MPO, as well as, payment of cash and in-kind services to the MPO for required Federal match funds. During our review of this agreement, we noted the following:

- A. The agreement between the MPO and Lake County does not detail all services provided. Each service provided should be specifically itemized and described. During our review of the agreement, we noted the following:
 1. The agreement does not include provision of Human Resources services. MPO employees, however, are treated the same as County employees. Their personnel files are maintained by the County Human Resources department; they sign an acknowledgement of the County Employment Policies Manual; and they use the County's Annual Performance Evaluation forms. Additionally, they are included in the County's risk management pool for health insurance and benefits, legal liability, worker's compensation, and retirement. The County is taking on the legal liability associated with providing these services.
 2. The agreement does not include the Information Technology (IT) services provided. While the agreement states that the County shall provide the MPO with "...technical assistance as may be required and necessary to manage the business and affairs of the MPO..." it does not specifically identify what IT services are to be provided. MPO staff is on the Lake County network, using the Lake County email and other network servers. Additionally, the Lake County IT department provides technical services to the MPO when needed.
 3. The agreement states that, "the County will provide cash or in-kind services for the required match for Federal funds from the Federal Highway Administration (FHWA) and the Federal

Transit Association (FTA).” The Federal Transit Association is a misnomer. The agency from which the MPO receives funds is the Federal Transit Administration.

4. The agreement does not include a conflict of interest statement. A conflict of interest statement should be included in the agreement. Without a conflict of interest statement, there is the increased potential that conflicts could arise, particularly in legal matters, during which the MPO would be required to source the services elsewhere.
5. The agreement does not include a right to audit clause. While the County has interest in the operations of the MPO by nature of the MPO’s duties, the County has an additional interest as they are providing legal, personnel, procurement, and financial services to the MPO. As a result, there is an increased risk to the County. Though the County has an inherent right to audit the MPO through their role as financial administrators, the agreement does not specifically allow the County to audit the MPO or its functions as they relate to the services provided.
6. The Agreement is valid indefinitely unless otherwise terminated or modified by either party. With no stated expiration date, there is no incentive for either party to regularly review the terms of the contract to ensure they are in line with current needs and practices and remain relevant.

When agreements of this nature are not accurate and up-to-date, it can lead to improper or inappropriate actions, payments which do not match services provided, and the potential for relied upon services to be dropped at any time, with no notice, as they are not included in the agreement.

- B. There is no basis for the five percent fee charged by the County for services provided. The fee should reasonably approximate cost to the County. The MPO Staff Services Agreement states that the, “MPO shall pay to County an administrative fee for the services provided by County in the amount of five percent (5%) of MPO revenues.” While the MPO budget can fluctuate from year to year, the time and cost of the services provided does not change accordingly. The cost of the risk to the County, the time and cost for performing financial tasks, performing personnel duties and providing procurement services does not decrease because the amount of funds received decreases nor would the costs reasonably decrease or increase directly in proportion to the MPO budget.

When fees do not approximate costs it can result in inefficient use of funds and poor budget planning. In the event that the MPO would choose to obtain services elsewhere, or provide them in-house, they would not have a true comparison for cost of services.

We Recommend management:

- A. Review and modify the agreement to reflect actual services provided. The contract should be regularly reviewed for adequacy and accuracy.
- B. Work with Lake County to establish a cost based fee structure for the services provided.

Management Response:

- A. Management concurs with the recommendation to work with Lake County to evaluate the agreement for services and to adhere to any policy changes approved by the Governing Board.
- B. Management concurs with the recommendation to work with Lake County to evaluate and to potentially establish as feasible a cost-based fee structure for the services provided. This recommendation cannot be implemented solely through management as approval is required by the Lake County Board of County Commissioners and by the MPO Governing Board.

18. Written Operational Policies Should Be Prepared And Approved By The MPO Board, And A Gift Policy Should Be Established.

The MPO has few written policies and procedures. As a result of our review, we found the following:

- A. The MPO does not have written policies and procedures in place. Detailed written procedures should be available for all activities performed by staff. When we requested MPO policies and procedures, staff was only able to provide the state's MPO handbook and transportation planning documents. These documents are general guidelines referring to the overall state and federal requirements. There are no written policies and procedures, specific to the MPO, detailing the day to day activities of staff. Just prior to the audit, one staff member who had been with the MPO since its inception, passed away. While other staff members stepped in to cover her duties, there were no procedures available instructing them of how things should be done. No one was able to step in to perform her job with any ease, efficiency or adequacy; her activities had to be re-learned and re-developed by those replacing her. According to staff, they are in the process of developing policies and procedures to prevent this type of situation from occurring again.

Lack of procedures could result in situations, such as that noted above, in which staff leaves and cannot be easily replaced. This could lead to violation of laws and regulations, mismanagement of cash, including misuse of grant funds, reduced efficiency and functionality, and lack of proper approvals and other actions. With written policies and procedures in place, situations like those noted in Opportunity For Improvement Nos. 3 through 8 and 14 could possibly have been avoided.

- B. There are no MPO policies in place regarding the acceptance and distribution of gifts received. It appears the MPO received the following benefits from various sponsorships of organizations:

1. Tavares Chamber of Commerce: Holiday wine glasses.

2. Visit Mount Dora:
 - a. 2013 Blues and Wine Event: Four admission tickets, four t-shirts, four 2-day drink tickets.
 - b. 2014 Blues N’ Groove Event: Two admission tickets, two t-shirts, two 2-day drink tickets.
3. FAITH Neighborhood Center Luncheon: Eight lunch tickets, eight raffle tickets.
4. Tavares Chamber Business of the Year Gala (in 2013 and 2014): Eight Dinner tickets each year.

The staff members all agree that they have not received any of these benefits nor have they been given the opportunity to receive these benefits. When questioned individually about each of these benefits, the MPO Director stated that he was not aware of ever receiving these benefits; although, we found pictures of the Director posing in a 2014 Blues N’ Groove t-shirt he received for volunteering at the event. He said that if he receives tickets, he does not use them personally and that occasionally he has offered the dinner seats to MPO Board members, but he can’t remember the last time he even did that. He did not account for the items.

While the acceptance of gifts is not prohibited by state law, the MPO should have a gift policy. Acceptance of certain gifts could be perceived as improper and use and distribution of gifts outside of the MPO staff and associates could be inappropriate. A gift policy should include when gifts can be accepted, the type of gifts which can be accepted, and dollar amount limits of the gifts. The policy should also include how gifts shall be distributed, for example, whether they must remain in the office or can be given out individually. Having such a policy in place could ensure that gifts are received for acceptable reasons, accounted for and fairly distributed.

Policies, or executive directives, of this nature, such as those related to sponsorship activities, membership in community organizations, use of the MPO funds, grant applications, employee allowances such as phone and vehicle, the Director’s travel and expenditures, and fee for service program should be approved by the MPO Board. For further details, see Opportunity For Improvement Nos. 3, 7, 9, 10, 12 and 13.

We Recommend management:

- A. Develop comprehensive policies and procedures detailing all day to day activities of MPO staff.
- B. Ensure that the MPO Board approves a written gift policy, as well as other policies of a sensitive nature.

Management Response:

- A. Management concurs with the recommendation to develop comprehensive policies and procedures detailing the responsibilities of each staff position. The effort is underway.

- B. Management concurs with the recommendation to work with the Governing Board to develop appropriate policies including a gift policy.

19. Employee Evaluations Should Be Performed Regularly.

MPO staff members have not received regular annual evaluations. Employee performance evaluations serve, “To provide a formal and consistent method to document job performance standards, facilitate communication between supervisors and employees, promote and maintain job efficiency, determine training needs...” according to the Lake County Employee Performance Evaluations Procedure followed by the MPO. The procedure further states that, “All employees shall be evaluated annually on their anniversary date by their immediate supervisor.” The Director performs the annual evaluations of the MPO staff.

While reviewing the MPO staff evaluations, we noted that no employee evaluations were performed in calendar year (CY) 2014. The following table represents employee evaluations which were performed for employees from January 1, 2012 to September 23, 2015:

		Evaluation Dates by Calendar Year						
Employee	Anniversary Date (Date Due)	2012	No. of Days Late	2013	No. of Days Late	2014**	2015	No. of Days Late
A	January 7	September 6	244	May 23	137	N/A	*	*
B	February 22	February 12	0	September 19	210	N/A	*	*
C	December 5	March 8	95	October 10	310	N/A	August 25	629
D	May 31	September 6	99	May 23	0	N/A	August 25	452
E	January 15	March 23	69	June 5	142	N/A	August 28	591
F	August 23	December 30	130	June 11	74	N/A	October 27	431

* Employee A left the MPO in May 2015 and Employee B left the MPO in March 2015.

** No employee evaluations were performed in CY 2014.

Note that the table above does not include the Director’s evaluations; the MPO Board has performed annual evaluations of the Director as required by his contract. As shown in the table, the staff evaluations performed by the Director have been completed as late as 629 days, or 1.7 years late. During the period when no years were missed, the evaluations were still performed up to 310 days, or almost a year late.

Annual evaluations are a way to provide feedback as to the employee’s performance over the course of the year. They can help redirect the employee’s work, correct improper behavior or practices, provide goals for the employee, and recognize the employee’s achievements during the year. Not

completing annual evaluations in a timely manner can lead to miscommunication regarding appropriate behaviors and practices and can result in reduced efficiency, as well as work performed that does not support the mission of the MPO. Additionally, though employee evaluations may not always be tied to monetary benefits, such as raises, a history of past evaluations may also be useful in determining merit increases in future years.

We Recommend management complete employee performance reviews annually in accordance with written policies.

Management Response: Management concurs with the recommendation to adhere to policy regarding employee evaluations.

20. All Actions Approved By The Board Should Be Performed Timely.

Actions approved by the MPO Board are not always carried out in a timely manner. During the monthly MPO Governing Board meetings, various action items are presented before the board members and discussed among those in attendance. If a quorum is present, Board members take action by voting on certain items. Actions to be taken are decided by majority vote. While reviewing the meeting minutes of the MPO Governing Board, we noted the following:

- A. Staff car allowances were not provided as approved by the MPO Board. On February 26, 2014, the MPO Board approved for each of two staff members to receive a \$350 monthly car allowance. One employee began receiving a \$325 per month car allowance six months later. The other employee's \$325 per month car allowance was not put in place until almost one and half years later, resulting in additional costs to the MPO of \$196 in mileage reimbursements. According to the MPO Director, the allowance was withheld at the employee's request; however, the employee denies being given the option at the time the allowance was approved or at the time it was applied.
- B. On March 11, 2015, the MPO Board approved a contribution of no more than \$1,000 to the Florida Greenways and Trails Foundation from non-Federal funds. During our initial review, we found no record of a payment. When questioned about the approved payment on November 2, 2015, the Director said that he was looking into the situation; he later said that he approved a payment of \$250. On November 20, 2015, over eight months after the contribution was approved, a check was issued to Florida Greenways and Trails Foundation.

The MPO Board is the governing body of the MPO. Actions of the MPO Board should be carried out in a timely manner by the Director. Not implementing changes approved by the MPO Board can result in unnecessary costs. Additionally, undermining MPO Board authority reduces the Board's ability to effectively manage and can allow for increased risk to the organization by removing some of the checks and balances in place.

We Recommend management develop a process for ensuring that the MPO Director carries out all actions approved by the MPO Board in a timely manner. If items are to be reconsidered, they should be re-addressed by the MPO Board.

Management Response: Management concurs with the recommendation to develop a process to ensure action by the Governing Board is executed in a timely manner. Management has developed a coordinated process with staff.

21. Contracts Should Be Developed Between The MPO And County Public Airports And Seaports.

The MPO has not contracted with all public transportation systems. Specifically, there are no contracts with the public airports. However, according to Section 339.175 (10)(a)3, Florida Statutes:

(10)(a) “Each M.P.O. shall execute the following written agreements, which shall be reviewed, and updated as necessary, every 5 years...

3. An agreement with operators of public transportation systems, including transit systems, commuter rail systems, airports, seaports, and spaceports, describing the means by which activities will be coordinated and specifying how public transit, commuter rail, aviation, seaport, and aerospace planning and programming will be part of the comprehensive planned development of the metropolitan area.”

Therefore, the MPO is required to enter into a contract with all public airports, rails and seaports within their geographic area, including all of Lake and Sumter Counties. We noted the following public transportation systems within MPO’s boundaries:

Transportation System	System Operator	System Type	County
Leesburg International Airport	City of Leesburg	Airport	Lake
Tavares Seaplane Base	City of Tavares	Airport	Lake
Umatilla Municipal Airport	City of Umatilla	Airport	Lake
Lake Xpress	Lake County Board of County Commissioners	Transit	Lake
Sumter County Transit	Sumter County Board of County Commissioners	Transit	Sumter

We inquired with the Lake County Attorney’s Office, which represents the MPO, and found that there is a Joint Participation Agreement between the MPO, the Florida Department of Transportation, the East Central Florida Regional Planning Council, the Lake County Community Transportation Coordinator, and the Sumter County Community Transportation Coordinator. This agreement serves the purpose of fulfilling the requirement with respect to contracting with the transit systems. However, there is no agreement with the cities of Leesburg, Tavares, and Umatilla, as required by the statute.

When contracts do not exist between the MPO and all public transportation systems within its boundaries, the ability of the MPO to create a “comprehensive planned development of the metropolitan area” is potentially affected. This also results in less assurance that the MPO develops all-inclusive plans.

We Recommend management develop contracts between MPO and all operators of public transportation systems as required by statute.



Management Response: Management concurs with the recommendation to follow state statute regarding required agreements and contracts for MPOs.

22. Monthly Allowances To The Director Should Be Reviewed.

Monthly allowances to the Director should be reviewed. Employees can receive monthly allowances for use of their personal cellular phones or vehicles for work purposes. The monthly allowances paid to employees for various purposes should approximate the cost benefit to the MPO. While reviewing the monthly allowances paid to the Director, we noted the following:

- A. The cell phone allowance provided to the Director is excessive. The Director receives \$100 per month, according to his employment contract, “...as an allowance for use of Employee’s personal cellular phone. This allowance shall be in lieu of any other reimbursement to Employee for use of his personal cell phone for MPO business.” The Director’s phone bill totals \$98.06 per month. This includes a monthly installment of \$27.09 for a cell phone and \$11 for equipment protections. The total cost of the cell phone, to be charged in 24 monthly installments, is \$650.19. The contract makes no reference to provide the personal cell phone or any reimbursement towards the cost of the cell phone. Removing this cost from the bill equates to a monthly over payment of \$29.03 per month or \$348.36 annually.

- B. The monthly car allowance should be re-evaluated. The Director receives a vehicle allowance of \$650 per month for use of his personal vehicle. At the current mileage rate, this equates to an average of about 60 miles per day for each day worked. This takes into account weekends, vacation and sick leave, and holidays. According to his contract, "...this allowance shall be in lieu of any other mileage reimbursement, but Employee shall be reimbursed by LSMPO [the MPO] for other travel expenses such as tolls and parking fees." We question whether the allowance approximates true, allowable mileage for this position. As the Director does not have to submit for mileage, and does not track mileage, there is no way to compare the cost to the MPO if the allowance was discontinued and the Director was instead reimbursed for mileage.

When allowances do not approximate actual costs, it can lead to increased budgetary constraints, misuse of funds, and personal use of funds. In the case of the cellular phone allowance, the MPO is paying the full cost of the Director's personal cellular phone when the phone is not solely used for MPO business. The payment of excess allowances is, in effect, additional compensation which appears to the public as reimbursement of an expense. If the MPO desires to pay the Director additional compensation, it should be added to his salary so as to achieve transparency with the public.

We Recommend management work with the MPO board to re-evaluate monthly allowances provided. Additionally, subsequent periodic reviews of allowances should be performed.

Management Response: Management cannot solely implement the recommendation. As the item relates to a contract between the Governing Board and the executive director, at such time both parties agree to open the contract for review, this recommendation will be addressed.

APPENDICES

APPENDIX A – Schedule Of Grant Issues, July 1, 2013 To June 30, 2015

The following table represents a detailed listing of the grant transactions that we found questionable during the MPO’s last two fiscal years, from July 1, 2013 to June 30, 2015.

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
1	FY 2014 10/01/13 To 09/30/14	\$289,872.08	Personal Services	PL 112 Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available with the remaining cost allocated to planning (PL 112 funds). According to County Finance staff, the percentages used to allocate personal services between discretionary (grant) and non-discretionary funds are an estimate, are not based on time studies, and are not provided by MPO staff; sometimes the allocation to the PL 112 funds is simply a “plug number” at the end of the year to expend any grant monies not used. MPO staff do not track their time spent on each grant, task, or project.	ANK65		

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
1	10/01/13 To 09/30/14	\$40,097.06	Personal Services	Transportation Disadvantaged Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available.	ARH82		
1	10/01/13 To 09/30/14	\$29,735.47	Personal Services	5303 Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available.	AQF21		
1	10/01/13 To 09/30/14	\$87,624.68	Personal Services	5305 Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available.	AQF21		
2	07/05/13	\$300.00	Tavares Chamber of Commerce	Speaking event at a chamber luncheon. The audience of the luncheon is area businesses that are members, not the public. The MPO Director was a chamber board member at the time of the event. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during lunch. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
2	07/05/13	\$100.00	Mount Dora Chamber of Commerce	Speaking event at a chamber breakfast. The audience of the luncheon is area businesses that are members, not the public. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during breakfast. The cost is not necessary	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				and reasonable to fulfill the mission of the MPO.		200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
3	07/31/13	\$82.18	Lake County Fiscal and Administrative Services	Reprographic Services. Copies and paper purchased. Cannot determine the purpose of the purchase due to a lack of supporting documentation.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: ...(g) Be adequately documented."
4	08/26/13	\$140.00	Florida Planning and Zoning Association (FPZA)	Annual Dues - Individual. Membership for two employees. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
5	08/30/13	\$375.00	Tavares Chamber of Commerce	Glitz and Glitter Sponsorship for Business of the Year Gala. Benefits received include MPO name on event program, website, media print, two newsletter ads, and eight dinner tickets. The event was for a reception and presentation of awards to chamber business members. The MPO	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				Director was a chamber board member at the time of the event. Supporting documentation does not demonstrate prior approval from the Federal awarding agency. The cost is not necessary and reasonable to fulfill the mission of the MPO.		200.421	Advertising and public relations. " ...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.434	Contributions and donations. " ...(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.438	Entertainment. "Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency."
2	09/13/13	\$100.00	Umatilla Chamber of Commerce	Speaking event at a chamber breakfast. The audience of the luncheon is area businesses that are members, not the public. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during lunch. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. " ...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
4	09/26/13	\$476.00	American Planning Association	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
5	09/30/13	\$150.00	Chamber Alliance	Sponsorship of Board of Director's Meeting and Workshop. MPO Director spoke for a half hour about Transportation Disadvantaged funding. According to its website, the organization "is a non-profit organization advocating on behalf of the Chambers of Lake County and their 3,500 Chamber members." The MPO Director is listed on the website as a "Strategic Partner." The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.434	Contributions and donations. "... (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
5	12/06/13	\$100.00	FOCUS Magazine	Private Level Sponsorship for Rifles, Rails and History event. Benefits include name and logo on website and in event program. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.434	Contributions and donations. "...(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
3	12/31/13	\$178.08	Lake County Fiscal and Administrative Services	Reprographic Services. Copies and paper purchased. Supporting documentation identifies \$46.05 as related to the MPO annual dinner, and \$132.03 is not associated with any task or event. Transaction included allowable expenses of \$423.50 as related to meeting agendas. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."
5	02/07/14	\$250.00	Chamber Alliance	Lake County Days Sponsorship. The purpose of the event was to meet with legislators and to network with business leaders and elected officials. The sponsorship flyer states that, "Sponsors will be provided the opportunity to be a part of this renewed effort to effectively promote and advocate	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				issues that are most important to the business community of Lake County." Benefits received for the contribution include recognition in media and print materials and name listed on event signage. The MPO Director is listed on the website as a "Strategic Partner." Legislative advocacy is direct lobbying. The cost is not necessary and reasonable to fulfill the mission of the MPO.		200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.434	Contributions and donations. "...(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."
6	02/24/14	\$65.00	Chamber Alliance	Registration for the MPO Director at Lake County Days. The purpose of the event is to meet with legislators and to network with business leaders and elected officials. Benefits include attendance at legislative meetings, one advocacy appointment, transportation and meals. The MPO Director is listed on the website as a "Strategic Partner." The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."
5	03/21/14	\$50.00	Tavares Chamber of Commerce	Hole Sponsorship of Chamber Golf Tournament. Benefits include an opportunity to set-up a tent and table to greet the golfers. The event does not relate to the mission of the MPO. The MPO Director was a chamber board member at the time of the event. Supporting	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
5	04/04/14	\$150.00	Tavares Chamber of Commerce	documentation does not demonstrate prior approval from the Federal awarding agency. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.421	Advertising and public relations. " ...(e) Unallowable advertising and public relations costs include the following: ...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.438	Entertainment. "Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency."
						200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. " ...(e) Unallowable advertising and public relations costs include the following: ...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.434	Contributions and donations. " ...(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
4	05/22/14	\$145.00	WTS Advancing Women in Transportation	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
5	05/22/14	\$120.00	WTS Advancing Women in Transportation	Registration for Scholarship and Awards Banquet. The organization is focused toward women that want to advance to an executive position in the transportation industry. Supporting documentation does not demonstrate prior approval from the Federal awarding agency. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.432	Conferences. "A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
						200.438	Entertainment. "Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency."
2	05/30/14	\$100.00	Umatilla Chamber of Commerce	Speaking event at a chamber breakfast. The audience of the luncheon is area businesses that are members, not the public. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during breakfast. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
5	06/06/14	\$200.00	Chamber Alliance	Sponsorship for Board of Director's Workshop. Cannot determine any benefits received due to a lack of supporting documentation. According to its website, the organization, "...is a non-profit organization advocating on behalf of the Chambers of Lake County and their 3,500 Chamber members." The MPO Director is	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
3	06/30/14	\$622.06	Lake County Fiscal and Administrative Services	Reprographic Services. Cannot identify the purpose of the charges due to a lack of supporting documentation.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."
4	07/03/14	\$70.00	Florida Planning and Zoning Association (FPZA)	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
				listed on the website as a "Strategic Partner." The cost is not necessary and reasonable to fulfill the mission of the MPO.		200.434	Contributions and donations. "... (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
4	07/03/14	\$70.00	Florida Planning and Zoning Association (FPZA)	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
2	09/12/14	\$300.00	Tavares Chamber of Commerce	Speaking event at a chamber luncheon. The audience of the luncheon is area businesses that are members, not the public. The MPO Director was a chamber board member at the time of the event. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during lunch. The cost is not necessary or reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
5	09/19/14	\$375.00	Tavares Chamber of Commerce	Glitz and Glitter Sponsorship for Business of the Year Gala. Benefits include 50% discount on sponsorship, MPO name on event program, website, media print, two newsletter ads and eight dinner tickets. The event was for a reception and presentation of awards to chamber business members.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				The MPO Director was a chamber board member at the time of the event. Supporting documentation does not demonstrate prior approval from the Federal awarding agency. The cost is not necessary or reasonable to fulfill the mission of the MPO.		200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following:...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.434	Contributions and donations. "...(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.438	Entertainment. "Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency."
5	09/26/14	\$250.00	Chamber Alliance	Lake County Days Sponsorship. The purpose of the event was to meet with legislators and to network with business leaders and elected officials. The sponsorship flyer states that, "Sponsors will be provided the opportunity to be a part of this renewed effort to effectively promote and advocate issues that are most important to the business community of Lake County." Benefits received for the contribution include recognition in media and print materials and name listed on event signage.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles." Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following:...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				The MPO Director is listed on the website as a "Strategic Partner." Legislative advocacy is direct lobbying. The cost is not necessary or reasonable to fulfill the mission of the MPO.		200.434	Contributions and donations. "... (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."
4	09/30/14	\$490.00	American Planning Association	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
6	09/30/14	\$75.00	Chamber Alliance	Registration for the MPO Director at Lake County Days. The purpose of the event is to meet with legislators and to network with business leaders and elected officials. Benefits include attendance at legislative meetings, one advocacy appointment, transportation and meals. The MPO Director is listed on the website as a "Strategic Partner." The cost is not necessary or reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
	FY 2015						
1	10/01/14 To 09/30/15	\$355,756.97	Personal Services	PL 112 Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available with the remaining cost allocated to planning (PL 112 funds). According to County Finance staff, the percentages used to allocate personal services between discretionary (grant) and non-discretionary funds are an estimate, are not based on time studies, and are not provided by MPO staff; sometimes the allocation to the PL 112 funds is simply a "plug number" at the end of the year to expend any grant monies not used. MPO staff do not track their time spent on each grant, task, or project.	ANK65		
1	10/01/14 To 09/30/15	\$45,472.94	Personal Services	Transportation Disadvantaged Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available.	ARH82		
1	10/01/14 To 09/30/15	\$26,809.05	Personal Services	5305 Funds. Personal services are allocated among grant sources at the end of the quarter based on monies available.	AQF21		
3	10/31/14	\$353.39	Lake County Fiscal and Administrative Services	Reprographic Services. Cannot identify the purpose of the charges due to a lack of supporting documentation.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
8	11/07/14	\$395.00	Corbin Group Inc.	Leadership Training Course for the MPO Director. There were three such expenses with the same supporting documentation. According to the Director, there was no distinct difference between the courses; no additional benefit was received. The cost is not necessary or reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."
2	12/12/14	\$400.00	Lake Eustis Area Chamber of Commerce	Speaking event at a chamber breakfast. The audience of the luncheon is area businesses that are members, not the public. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during lunch. The cost is not necessary or reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "... (e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
5	12/12/14	\$100.00	FOCUS Magazine	Private Level Sponsorship for Rifles, Rails and History event. Benefits include name and logo on website and in event program. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "... (e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
5	05/29/15	\$200.00	Visit Mount Dora	Sponsorship for Blues and Grooves. This event is a two-day music festival and has nothing to do with the mission of the MPO. Benefits received include a booth space, two admission tickets, two drink tickets, and two t-shirts. The MPO Director was a Visit Mount Dora board member at the time of the event. Supporting documentation does not demonstrate prior approval from the Federal awarding agency. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "... (e) Unallowable advertising and public relations costs include the following: ... (2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including: (i) Costs of displays, demonstrations, and exhibits... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
						200.434	Contributions and donations. "... (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.438	Entertainment. "Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
4	06/30/15	\$140.00	Florida Planning and Zoning Association (FPZA)	Annual Dues - Individual. Membership for two employees. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
8	06/30/15	\$395.00	Corbin Group Inc.	Leadership Training Course for the MPO Director. There were three such expenses with the same supporting documentation. According to the Director, there was no distinct difference between the courses; no additional benefit was received. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."

APPENDIX B – Schedule Of Additional Grant Issues, All Other Periods

The following table represents a detailed listing of the grant transactions that we found questionable beyond the period of the MPO’s last two fiscal years, during FY 2012 and FY 2013.

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
4	FY 2012 10/27/11	\$175.00	Urban & Regional Information Systems Association (URISA)	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
3	10/27/11	\$150.00	Florida Association of Coordinated Transportation Systems (FACTS)	Annual Dues - MPO. Cannot determine benefits received due to a lack of supporting documentation or from viewing the website. The website does describe its objectives and goals, some which relate to those of the MPO; however others relate to lobbying efforts.	ANK65	200.403	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
						200.454	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: ... (g) Be adequately documented."
						200.454	Memberships, subscriptions, and professional activity costs. "... (e) Costs of membership in organizations whose primary purpose is lobbying are unallowable."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
5	11/01/11	\$250.00	Lake County Economic Development	Bronze Sponsorship for Lake County Economic Development Summit. Cannot determine benefits received due to a lack of supporting documentation; however a News Release states that registration for the event was only \$50 and the MPO was not listed on the agenda as a participant.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: ...(g) Be adequately documented."
5	01/12/12	\$500.00	Leesburg Area Chamber of Commerce	Dean Level Sponsorship for No Show Virtual Event - Dirty Jobs. Cannot determine the purpose of the event or benefits received due to a lack of supporting documentation.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: ...(g) Be adequately documented."
5	01/18/12	\$250.00	Chamber Alliance	Lake County Days Sponsorship. The purpose of the event was to meet with legislators and to network with business leaders and elected officials. The sponsorship flyer states that, "Sponsors will be provided the opportunity to be a part of this renewed effort to effectively promote and advocate issues that are most important to the business community of Lake County." Benefits received for the contribution include recognition in media and print materials and name listed on event signage. The MPO Director is listed on the website as a "Strategic Partner." Legislative advocacy is	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.434	Contributions and donations. "(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				direct lobbying. The cost is not necessary and reasonable to fulfill the mission of the MPO.		200.434	Contributions and donations. "...(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."
6	02/21/12	\$65.00	Chamber Alliance	Registration for the MPO Director at Lake County Days. The purpose of the event is to meet with legislators and to network with business leaders and elected officials. Benefits include attendance at legislative meetings, one advocacy appointment, transportation and meals. The MPO Director is listed on the website as a "Strategic Partner." The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."
5	03/15/12	\$250.00	Florida Planning and Zoning Association (FPZA)	Neighborhood Sponsorship of the FPZA Conference. Benefits received include logo in conference program, business card ad in newsletter and recognition of sponsorship at reception. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ...(4) Costs of advertising and public relations designed solely to promote the non-Federal entity."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
						200.434	Contributions and donations. "... (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
4	03/26/12	\$522.00	American Planning Association	Annual Dues - Individual. Membership for two employees. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
9	04/23/12	\$200.00	Tavares Chamber of Commerce	Registration for Lake Business Expo. Benefits include a 8'x6' booth space in main hall, one table and two chairs. Mission of event was, "To provide an opportunity for businesses to interact with other area businesses in a networking environment and to provide an opportunity of the Chambers to support their business membership." The	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
				MPO Director was a chamber board member at the time of the event. The cost is not necessary and reasonable to fulfill the mission of the MPO.		200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ... (2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including: (i) Costs of displays, demonstrations, and exhibits... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
4	04/23/12	\$250.00	American Planning Association	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
	FY 2013						
4	08/29/12	\$160.00	Florida Planning and Zoning Association (FPZA)	Annual Dues - Individual. Membership for three employees. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
3	09/30/12	\$300.00	Leesburg Chamber of Commerce	Registration for Leesburg Business Expo. According to its Facebook page, "Great opportunity to build brand awareness, name recognition and market your business to hundreds of local Lake County residents, face to face." Cannot determine benefits received due to a lack of supporting documentation.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: ...(g) Be adequately documented."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ...(2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including: (i) Costs of displays, demonstrations, and exhibits... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
2	10/18/12	\$100.00	Umatilla Chamber of Commerce	Speaking event at a chamber luncheon. The audience of the luncheon is area businesses that are members, not the public. The expense could be classified as advertising because the purpose is to inform select businesses of MPO activities and to socialize during lunch. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
4	11/29/12	\$175.00	URISA (Urban & Regional Information Systems Association)	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
							Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."
4	12/19/12	\$475.00	American Planning Association	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
5	01/16/13	\$50.00	Tavares Chamber of Commerce	Hole Sponsorship of Chamber Golf Tournament. Benefits include an opportunity to set-up a tent and table to greet the golfers. The event does not relate to the mission of the MPO. The MPO Director was a chamber board member at the time of the event. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.421	Advertising and public relations. "...(e) Unallowable advertising and public relations costs include the following: ...(2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including: (i) Costs of displays, demonstrations, and exhibits... (4) Costs of advertising and public relations designed solely to promote the non-Federal entity."
6	01/16/13	\$65.00	Chamber Alliance	Registration for the MPO Director at Lake County Days. The purpose of the event is to meet with legislators and to network with business leaders and elected officials. Benefits include attendance at legislative meetings, one advocacy appointment, transportation and meals. The MPO Director is listed on the website as a "Strategic Partner." The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.450	Lobbying. "(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost."

Lake-Sumter MPO

Item Number	Date Posted	Amount	Vendor Name	Description	Grant Charged	2 CFR 200 Subpart E Section	2 CFR 200 Section Expense Category
7	04/03/13	\$5,500.00	Corbin Group Inc.	Leadership Course for MPO Director. Course included 33 hours of class training and 5.5 hours of phone call coaching totaling \$142.86 an hour, assuming that the director took advantage of the coaching calls. The cost does not appear to match the benefits received. The cost is not reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
5	05/24/13	\$250.00	Tavares Chamber of Commerce	Silver Sponsorship for Dragon Boat Festival. Cannot determine the benefits received due to a lack of supporting documentation. The cost is not necessary and reasonable to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...(g) Be adequately documented."
						200.434	Contributions and donations. "... (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable."
4	06/25/13	\$305.00	American Planning Association	Annual Dues - Individual. Membership for one employee. The cost is not necessary to fulfill the mission of the MPO.	ANK65	200.403	Factors affecting allowability of costs. "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."
						200.454	Memberships, subscriptions, and professional activity costs. "(a) Costs of the non-Federal entity's [MPO] membership in business, technical, and professional organizations are allowable."

