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Performance Audit of Transit Services

Montgomery County Department of Transportation

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EXECUTIVE SUMMARY

This audit of the Montgomery County Department of Transportation (MCDOT) was conducted pursuant to the OIG's mission to increase fiscal accountability and review the efficiency and effectiveness of county programs, as well as the OIG's commitment to identifying opportunities for the county to improve equity and inclusion. MCDOT's operating budget for fiscal year 2023 was over \$255 million, approximately 68% of which was dedicated to transit related services like the Ride-On bus system, taxi operations and need based programs. This audit focused on MCDOT services and programs aimed at meeting the transportation needs of persons with disabilities and mobility issues. We specifically examined the extent to which county bus stops are compliant with the Americans with Disabilities Act's (ADA) requirements and assessed disbursements from the Transportation Services Improvement Fund (TSIF) made to increase the availability of equitable and accessible transportation options for county residents.

OBJECTIVES

Through this audit, we attempted to (1) assess the administration of the Transportation Services Improvement Fund in accordance with county laws and regulations, (2) evaluate the county's progress towards meeting its goal of ensuring 5,400 county bus stops are ADA compliant, as stated in the 2011 DOJ settlement, and (3) assess the extent to which fraud exists within the requests for disbursements from the Transportation Services Improvement Fund.

SCOPE & STANDARDS

Our audit covered Transportation Services Improvement Fund disbursements and related support from July 1, 2021, to June 30, 2023, taxicab identification cards and passenger vehicle licenses from July 1, 2021, to June 30, 2023, all county bus stop locations as of January 19, 2024, and bus stop work orders for capital improvement projects from July 1, 2021, to June 30, 2023.

RESULTS

- Some county bus stops are not compliant with ADA standards.
- MCDOT did not always ensure eligibility of participants prior to disbursing funds from the TSIF.
- MCDOT improperly paid \$32,229 in TSIF disbursements.
- TSIF disbursements totaling \$14,202.62 were approved and paid to a driver after confirming the driver had committed fraud.
- MCDOT did not ensure the eligibility of fuel relief recipients prior to disbursing funds.
- MCDOT made \$40,138 in unauthorized fuel relief payments.

RECOMMENDATIONS

We made 8 recommendations associated with our findings in order to increase ADA compliance at county bus stops, strengthen controls in TSIF reimbursement and incentive programs to ensure that only eligible participants receive program funds, expand MCDOT policies and procedures, and increase training for MCDOT staff and managers to ensure compliance with program and funding restrictions.

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	i
TABLE OF CONTENTS.....	ii
BACKGROUND	1
OIG AUDIT APPROACH	2
FINDINGS AND RECOMMENDATIONS	4
FINDING 1: Some county bus stops are not compliant with ADA standards.....	4
FINDING 2: MCDOT DID NOT ALWAYS ENSURE ELIGIBILITY OF PARTICIPANTS PRIOR TO DISBURSING FUNDS FROM THE TSIF.....	5
FINDING 3: MCDOT IMPROPERLY PAID \$32,229 IN TSIF DISBURSEMENTS	6
FINDING 4: TSIF DISBURSEMENTS TOTALING \$14,202.62 WERE APPROVED AND PAID TO A DRIVER AFTER CONFIRMING THE DRIVER HAD COMMITTED FRAUD	8
FINDING 5: MCDOT DID NOT ENSURE THE ELIGIBILITY OF FUEL RELIEF RECIPIENTS PRIOR TO DISBURSING FUNDS	10
FINDING 6: MCDOT MADE \$40,138 IN UNAUTHORIZED FUEL RELIEF PAYMENTS.....	11
OIG COMMENTS TO THE CAO’S RESPONSE	13
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY	14
APPENDIX B: THE CAO’S RESPONSE	19
APPENDIX C: RECOMMENDATION STATUS AND FOLLOW-UP	22

BACKGROUND

The Montgomery County Department of Transportation (MCDOT) supports county “residents and visitors with transit options and infrastructure.” Their stated mission is “to move people and connect places with seamless, equitable transportation options that are safe environmentally responsible, and support economic growth and vibrancy in Montgomery County (County).” MCDOT “own [s] and operate [s] nearly 400 buses” and has over 1,200 employees. MCDOT has close working relationships with the Maryland Department of Transportation (MDOT) and the Washington Metropolitan Area Transit Authority (WMATA) due to overlaps with systems and infrastructure.

MCDOT is organized into 5 divisions (Highway Services, Parking Management, Transit Services, Traffic Engineering, and Operations and Transportation Engineering), supporting three “service categories” (transportation, parking, and transit).¹ These three categories make up the county’s transportation related structure.² The department’s approved operating budget for fiscal years (FY) 2022 and 2023 was \$231,782,661 and \$255,088,603, respectively. The budget was allocated to the three service categories as shown in table 1.

Table 1: MCDOT FY22 and FY23 Approved Operating Budgets by Program Area

Service Category	FY22 Budget	% FY22 Budget	FY23 Budget	% FY23 Budget
Transportation	\$52,670,661	23%	\$56,146,728	22%
Parking	\$24,579,335	11%	\$25,991,554	10%
Transit	\$154,532,665	66%	172,950,321	68%

This performance audit (audit) focused primarily on the transit service category because it made up the largest portion of MCDOT’s budget, and includes the county’s Ride On bus system, taxi operations, accessibility at county bus stops, and transportation services for seniors, persons with disabilities and low-income residents. The audit tested MCDOT’s efforts to maintain the county’s bus stops under ADA standards; and the administration of the Transportation Services Improvement Fund.

ADA Compliance

Title II of the ADA prohibits discrimination against persons with disabilities in programs, services, and activities provided by state and local governments. In 2011 the county entered into a settlement agreement with the U.S. Department of Justice (DOJ) Disability Rights Section to address issues discovered during DOJ’s review of Title II compliance. During the review DOJ evaluated the county’s policies and procedures regarding voting, emergency management, disaster prevention, and sidewalk maintenance to assess whether persons with

¹ MCDOT’s website, <https://www.montgomerycountymd.gov/DOT/about.html>, provides detailed information about each division’s function.

² The transit services category includes community mobility services: the transportation service category includes infrastructure construction maintenance, community transportation safety, and transportation management operations: and the parking service category includes parking operations, parking fixed costs, and marking enforcement.

disabilities had an equal opportunity to utilize county programs. The settlement agreement was adopted to ensure that the county complied with the ADA by “eliminating physical and communication barriers within county facilities and programs.” The agreement was in effect for six years, “or until the parties agree that all of the actions required by the Agreement have been completed, whichever is later.”

Transportation Services Improvement Fund

In 2015, the Maryland General Assembly passed legislation authorizing the county to impose a \$0.25 surcharge on Transportation Network Companies (TNC), including ride-hailing services such as Uber and Lyft, for each trip originating in the county. The County Council established the Transportation Services Improvement Fund (TSIF) for all revenue generated from the imposed surcharges.³ The Council restricted the usage of TSIF funds to efforts that improve the delivery of accessible transportation services, transportation for eligible older adults, and transportation for persons of limited income in the county.⁴ To meet these goals, financial incentive programs were created to encourage taxicab companies and taxicab owners to retrofit vehicles to be able to accommodate persons who utilize wheelchairs, to incentivize drivers to make trips that were otherwise not financially feasible, and to offset the cost of operating wheelchair accessible vehicles (WAVs). County Regulation requires TSIF participants to complete, sign, and submit a TSIF Vehicle Operating and Driver Expenses Disbursement Application (TSIF Application), along with all required supporting documentation, to the MCDOT to receive payments from the programs. Table 2 displays a list of the programs available through the TSIF, including the benefit amount, and support required to obtain the benefit from each program.

Table 2: *TSIF Incentive/Reimbursement Opportunities⁵*

TSIF Program	Benefit Amount	Required Documentation
WAV Ownership	Up to \$45,000 per vehicle purchase and retrofit.	<ul style="list-style-type: none"> • Proof of vehicle purchase • Proof of vehicle accessibility conversion
WAV Operation	\$25 per trip	Signed manifest documenting all trips.
WAV Mileage	\$0.40 per mile	Copy of fully completed applicable trip records
WAV Insurance	Up to \$1,000 per year	Proof of the actual cost spent on purchasing a policy

³ Code of Montgomery County Regulations (COMCOR) Section 53-801.01.01

⁴ Code of Montgomery County Regulations (COMCOR) Section 53-801

⁵ Executive Regulation 10-22, Section 53.801.01.05 Reimbursements and Distributions, (c) Taxicab Service Incentives

BACKGROUND

TSIF Program	Benefit Amount	Required Documentation
WAV MCDOT Fees	<ul style="list-style-type: none">• \$100 individual/\$1,000 Fleet New PVL⁶ Application Fee• \$50 PVL Renewal Fee• \$3,995 PVL Transfer Fee• \$75 Vehicle Transfer Fee	Copy of the signed and dated County Taxicab Office issued PVL transaction receipt.
Call-n-Ride Guaranteed Fare	\$10 fare per trip	Signed manifest documenting all trips

On May 3, 2022, the County Council approved a supplemental appropriation of \$150,000 funded by the TSIF to minimize the impact of rising gasoline prices on those providing services for the County’s Medicaid and Call-N-Ride Transportation programs. According to the Council Resolution, the funds were made available in the form of “two \$150 payments” to each registered taxi operator in the County that participated in both the Call-N-Ride and Medicaid Transportation programs from March 1, 2022 through June 30, 2022. During a related Council Transportation and Environment Committee (T&E Committee) meeting on May 2, 2022, it appeared that the Committee intended for the payments to be available for each month a driver participated in the two programs between March and June of 2022, not just two payments. This would make participants eligible for a total payment of up to \$600 if they participated in all four months.

OIG Audit Approach

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS).

Appendix A contains information on this audit’s objectives, scope, and methodology.

⁶ A passenger vehicle license (PVL) is required for each taxicab operating in the county.

FINDINGS AND RECOMMENDATIONS

Pursuant to the OIG's mission to increase fiscal accountability and review the efficiency and effectiveness of county programs, as well as the OIG's commitment to identifying opportunities for the county to improve equity and inclusion, this audit focused on MCDOT services and programs aimed at satisfying the transportation needs of persons with disabilities and mobility issues. Specifically, we examined whether bus stops were compliant with ADA requirements and reviewed the management of and disbursements from the Transportation Services Improvement Fund (TSIF) which aims to increase the availability of equitable and accessible transit options for county residents.

ADA Compliance at County Bus Stops

Finding 1: Some county bus stops are not compliant with ADA standards.

As part of the DOJ compliance review, the county conducted a self-evaluation of its services, policies and practices to assess compliance with ADA requirements, including bus stop accessibility. In that assessment, the county asserted that they had begun a six-year, \$11 million bus stop safety improvement project designed to ensure that all 5,400 of the county's bus stops were accessible to people with disabilities. The county also created an ADA Compliance Team as a result of the agreement. In recognizing the impact MCDOT has on the community's access to public transportation and infrastructure, we sought to assess the county's progress towards improving ADA compliance at its bus stops.

The ADA Standards for Accessible Design (Design Standards) state that bus stop boarding areas must have a firm, stable surface that provides a clear minimum length of eight feet and a clear minimum width of five feet. Design Standards also state that bus stop boarding areas should be connected to streets, sidewalks, or pedestrian paths by an accessible route. There are over 5,400 total bus stops in the county used not only by county Ride On buses but also by Metro buses. For this audit we sampled from the 1,465 bus stops that the county has exclusive authority over. We focused our examination upon those that are designated in MCDOT's records as "grass or dirt", "no sidewalk", or "no corners", as these conditions are more likely to cause issues for people with mobility issues. We selected 46 bus stops to test for compliance with ADA standards for Accessible Design.

Through visual inspection of the selected 46 bus stops, we noted that 41 of the stops either did not have a firm, stable surface installed or did not have an accessible path to boarding areas. See picture 1. We inquired with MCDOT personnel regarding their plans to address the noted deficiencies and were informed that two of the bus stops in question had been brought up to ADA compliance. However, we observed that the stops were upgraded to include proper landing areas but still lacked an accessible path to the area. We were also told that 7 of the 41 were on the department's "current task list" to be corrected, and 32 were "deferred" and/or not currently assigned to a capital improvement project for remediation. We also learned that improvements to a majority of the 32 bus stops were deferred due to low ridership or the need to obtain an easement or right of way. According to the county's ADA Compliance Manager, the county is legally obligated by the DOJ agreement to focus on all county facilities, not just

bus stops, and that the current priority is facilities with the highest need, such as recreation and public libraries.

Picture 1: *Conditions at Bus Stops*



Kensington Pkwy & Franklin St.



Whites Ferry Rd. & Sugarland Dr.

MCDOT is aware of deficiencies at bus stops and acknowledges that remediating conditions at bus stops will take several years. Recently, they requested proposals from two firms to conduct an audit of all 5,400 bus stops to assess ADA compliance, evaluate amenities at bus stops, determine the appropriateness of the bus stop locations, and provide ADA improvement recommendations with estimated improvement costs. Funding for the audit will come from the Bus Stop Improvement Capital Project.

Improvements to county bus stops will provide for a more equitable public transit network and make utilizing bus service more accessible to persons with disabilities residing in the county. Improvements could also make public transit more attractive to county residents, boost ridership, and enhance pedestrian safety.

Recommendation 1

We recommend MCDOT develop and implement a formal written plan to bring all bus stops into compliance with ADA Design Standards.

TSIF Disbursements

Finding 2: MCDOT did not always ensure eligibility of participants prior to disbursing funds from the TSIF.

Drivers who want to operate a taxicab within the county must complete a taxicab driver application and provide the following records: proof of a valid driver’s license; driving record for the previous 3 years; a recent photograph; a completed fingerprint form; and a physician’s

Findings and Recommendations

certificate validating that the driver underwent a physical examination within the last 30 days. The county validates the submitted materials, conducts a background check and issues a Taxi Identification Card. Taxi fleet and individual taxi vehicle owners must obtain a Passenger Vehicle License (PVL) issued by the county to provide taxi services in the county. PVL's must be renewed every year and Taxi Identification Cards must be renewed every two years after initial issuance.

Per the county's Executive Regulation 10-22 (Transportation Services Improvement Fund), drivers must meet all eligibility requirements in order to participate in programs funded through the TSIF. To receive payments from the fund participants must provide supporting documents particular to the program from which they are seeking payment and be registered with the county's Central Vendor Registration System (CVRS).

During our testing of compliance with eligibility requirements, we noted instances in which MCDOT did not have documentation showing that some recipients of TSIF funds had valid taxi I.D. cards or valid PVLs with current liability insurance. We also noted that one vendor was not registered with CVRS. Relatedly, we were told that MCDOT did not review eligibility prior to processing TSIF disbursements.

If MCDOT does not confirm the eligibility of participants, disbursements could be made to unauthorized persons or individuals who may be unlicensed or unsafe to drive. Incorporating a review of eligibility could also enhance MCDOT's licensing validation efforts and increase driver retention by alerting drivers with expiring licenses of upcoming renewals.

Recommendation 2

We recommend MCDOT implement a process to monitor eligibility requirements of drivers/owners to ensure requirements are met prior to receiving disbursements from the TSIF.

Finding 3: MCDOT improperly paid \$32,229 in TSIF disbursements.

Taxicab owners and drivers can be reimbursed for the cost of owning and operating wheelchair accessible vehicles (WAVs) and receive monetary incentives if they provide transportation services to persons with disabilities, eligible elderly residents, and persons with limited income. Participants apply for payments from the TSIF for these various reimbursements and incentives by submitting a completed TSIF Vehicle Operating and Driver Expenses Disbursement Application (TSIF Disbursement Application) along with the applicable, required support.⁷

⁷ Refer to table 2 in the background section for a list of the payments and required support.

To assess the administration of payments from the TSIF, we selected a random sample of disbursements paid out of the fund in FY22 and FY23. Our sample included 77 disbursements to 56 different recipients. Of the 77 disbursements, 25 of them were related to WAV incentives or reimbursements while the remaining 52 were related to fuel relief payments. Table 3 below shows the composition of the 25 WAV incentives and reimbursements tested. Finding 5 below discusses our observations related to the fuel relief payments.

Table 3: *TSIF Disbursement Types*

Disbursement Type	Number of Disbursements	Dollar Value of Disbursements
WAV Operation and Mileage Incentive	7	\$9,974.90
Insurance Reimbursement	2	\$2,000
WAV Ownership and Retrofitting	1	\$70,000
Passenger Vehicle License Fee Reimbursements	4	\$21,185
Fingerprinting Reimbursements	10	\$5,999.60
Insurance Renewal Fee Reimbursement	1	\$1,050

We tested each of the 25 WAV related disbursements to determine if a TSIF Disbursement Application was completed; whether there was proper supporting documentation; and whether the disbursement was for authorized activities. Per Executive Regulation 10-22, reimbursements and distributions can only be made for specific costs (see table 2 in the background section). A breakdown of findings related to these requirements is demonstrated in table 4 below.

Table 4: *TSIF Disbursement Findings*

Finding	Total Findings	Dollar Value Tested
Missing TSIF Disbursement Application	3	\$3,050
Missing or Insufficient Supporting Documentation	7	\$23,179.40
Disbursements for Unauthorized Activities	10	\$5,999.60
TOTAL	20	\$32,229

Findings and Recommendations

As stated in the table, we found 7 disbursements from the TSIF, totaling \$23,179.40, that were missing supporting documents such as proof of current insurance, PVL receipts, and detailed trip manifests. The 10 disbursements for unauthorized activities noted in the table were for fees associated with fingerprinting of potential drivers upon their initial application to provide taxi service, an expense that is not allowable under county regulations.

We also noted during testing that for 19 of the 25 selected disbursements there was no evidence of when or how MCDOT personnel received and reviewed the TSIF Disbursement Applications nor was there evidence that the related support provided by the driver/owner was evaluated by MCDOT personnel. This further contributes to the noted issues with missing applications and missing or insufficient supporting documentation.

If TSIF Disbursement Applications are not submitted or are missing required support, disbursements from the fund should be withheld until participants can correct the issue. Doing otherwise reduces the availability of funds for other participants and negatively affects the integrity of the program. It also can lead to fraudulent payments.

Recommendation 3

We recommend MDOT develop and implement a formal review and approval process for TSIF Disbursement Applications and other requested reimbursements, to include reviewing and recording supporting documentation.

TSIF Verification of Payments

Finding 4: TSIF disbursements totaling \$14,202.62 were approved and paid to a driver after confirming the driver had committed fraud.

During our review of TSIF disbursements, we learned that MCDOT Taxi Unit personnel are responsible for performing WAV trip verifications. MCDOT's process for verifying WAV trips entails calling ten percent of each driver's customer base from the trip manifest each month to confirm that a trip with any given customer did in fact occur. While performing these verifications in January 2023, it was discovered that one driver had routinely recorded fraudulent trips for a pick-up location and passenger that did not exist. On February 16, 2023, a county code enforcement officer who surveilled the driver to determine whether they were performing the claimed trips reported that the driver would arrive at the location, park for approximately five minutes, and then leave the location without a passenger in the vehicle. The full investigation uncovered 588 unverifiable and or fraudulent trips resulting in the driver wrongfully receiving \$14,700 in WAV Operation and WAV Mileage incentive payments from the TSIF.

On July 5, 2023, MCDOT issued a letter informing the driver that they needed to refund the county the \$14,700 that was paid unjustly. The letter further informed the driver that as per County Executive Regulation 10-22 they would be barred from participating in the TSIF

program. During our audit we learned that the county had not received any of the requested refund from the driver. We tested if this driver received any TSIF disbursements subsequent to February 16, 2023, and noted that they had received \$14,202.62 after MCDOT confirmed the driver had committed fraud.

We discovered that from February 16 until the date of the letter, MCDOT paid the driver an additional \$13,699.97 from the TSIF. The dates and amount of these payments are shown in table 5 below.

Table 5: *Payments After Discovery of Fraud*

Check Date	Payment Amount
⁸ February 22, 2023	\$4,431.80
March 13, 2023	\$125.50
April 5, 2023	\$4,183.40
April 13, 2023	\$47.00
April 27, 2023	\$4,818.60
June 7, 2023	\$93.67

Additionally, we found that MCDOT made three payments to the driver from the TSIF after notifying the driver that they were barred from participating in the program. These payments were on August 22, 2023, December 8, 2023, and April 1, 2024, and totaled \$502.65.

We then expanded our review to include other drivers who received WAV incentive payments to test for similar unverified and/or fraudulent trips. In total we tested 93 trips claimed by 31 drivers within our scope period. We subsequently found a number of discrepancies with documentation and issues that resulted in unjust payments to applicants. Among them were discrepancies between the support provided by driver and what was supplied by taxicab companies, including differing pick-up/drop-off locations, and number of trips. We also noted differences in mileage totals and payment amounts between what was claimed on the application and MCDOT’s records. Additionally, we found an instance where a taxicab driver was paid for a trip that did not originate or end in the county, a violation of the County Code.

MCDOT’s discovery of fraud by conducting monthly trip verification calls should have led to increased vigilance but they admittedly have not consistently continued the practice because of a shortage of staff and time constraints. Faulty review practices and irregular confirmation of WAV trips leaves the TSIF program susceptible to further fraud attempts and funds used to incentivize drivers and owners being wasted, resulting in diminished services to vulnerable populations.

⁸ Payment was for WAV related trips allegedly taken in January 2023 while the driver was being investigated.

Recommendation 4

We recommend MCDOT

- a) Implement a formal written review process for the monthly verification of WAV trips and mileage and conduct routine verification activities.
- b) Work with the County Attorney's office to collect the \$14,700 owed by the unscrupulous driver.

Fuel Relief Disbursements

On May 3, 2022, the County Council appropriated \$150,000 to offset the impact of rising gasoline prices on drivers providing services for the County's Medicaid and Call-N-Ride Transportation programs. The accompanying Council resolution stated that the "relief will be provided in the form of two \$150 payments to each registered taxi operator in the County that has participated in both the Call-N-Ride and Medicaid Transportation programs" during the period of March 1, 2022, through June 30, 2022. The Council resolution referred to a related Council Transportation and Environment Committee (T&E Committee) meeting that occurred on May 2, 2022. At that meeting, the Committee voiced the intention that payments should apply through June 30, 2022. This would make participants eligible for a possible total payment of \$600 over the course of 4 months.

Finding 5: MCDOT did not ensure the eligibility of fuel relief recipients prior to disbursing funds.

In discussions with MCDOT we learned that they did not require applications from drivers who received fuel subsidies. MCDOT instead relied on taxi companies to identify drivers that were active during the period covered by the appropriation, March through July 2022. We were told that after receiving names of drivers from the cab companies, MCDOT processed payments on the drivers' behalf using driver information MCDOT already had on file. MCDOT initially told us that they did not maintain any documentation showing how drivers were selected, the number of qualifying trips they took, or the criteria used to disqualify other potential recipients. Absent this information we were not able to test and MCDOT was not able to validate the eligibility of individuals who were paid the fuel subsidy.

The MCDOT director told the T&E committee during the May 2, 2022, hearing that MCDOT would obtain evidence that the drivers who received the benefit were driving during the period addressed by the supplemental appropriation. It does not appear that MCDOT made independent efforts to ensure driver eligibility prior to paying them fuel relief subsidies.

By not requiring recipients to complete applications and relying solely on the taxicab companies to select beneficiaries, MCDOT has no way of assuring fuel relief payments were given to eligible drivers who provided the needed services. A lack of process and controls means fuel relief payments may have been paid to ineligible recipients, other drivers not associated with the cab companies may have been disadvantaged, and the county was left vulnerable to fraud.

RECOMMENDATION 5

We recommend MCDOT:

- a) **Implement written procedures that require applicants for all programs to complete an application that addresses eligibility criteria.**
- b) **Implement written procedures to evaluate applications for program participation to ensure compliance and eligibility with established requirements before disbursing public funds.**

Finding 6: MCDOT made \$40,138 in unauthorized fuel relief payments.

In evaluating fuel relief program disbursements from the TSIF, we observed that \$144,988 was distributed to 195 individuals. Given the parameters established by the resolution we would have expected to see no more than \$117,000 spent on fuel relief payments for the 195 individuals.⁹ Instead, MCDOT spent an additional \$27,988 of appropriated funds on ineligible relief payments.

In the data associated with payments to individuals, we noted 149 (76% of total individuals paid) individuals received payments exceeding the \$600 total amount allowed by the appropriation. Table 6 displays the number and aggregated amounts paid to individuals.

Table 6: *Fuel Related Disbursements*

# Participants	Payment Amount	TOTAL
140	\$844	\$118,160
7	\$722	\$5,054
2	\$694	\$1,388
17	\$600	\$10,200
8	\$544	\$4,352

⁹ \$600 multiplied by 195 payees: assumes that all payees were eligible for the full amount of the incentive.

Findings and Recommendations

1	\$394	\$394
10	\$300	\$3,000
10	\$244	\$2,440
195		\$144,988

In further analyzing the payments made to individuals, we noted that many were paid \$150 a month for a combination of months covered by the appropriation plus an added sum as high as \$244. For instance, the \$844 payments equal \$150 for each of the 4 months covered by the resolution plus an additional \$244; the \$544 payments equal \$150 for 2 months plus the additional \$244; and the \$722 payments equal \$150 for each of the 4 months covered by resolution and an additional payment of \$122. The additional payments were made to 168 individuals totaling \$40,138.

Through discussions with MCDOT we learned that after satisfying obligations to those eligible for the monthly payments, MCDOT had funds left over and made the decision to provide an additional sum to selected drivers who participated in the Call-N-Ride and Medicaid Transportation programs in July and August of 2022. MCDOT did not maintain documentation that explained the methodology behind determining who received which payment or why 27 individuals were not given either of the payments. These additional payments to subsidize certain drivers for months beyond those stated in the Council appropriation resolution were not approved by the Council.

The County Charter grants sole appropriation authority to the Council and the departments are required to abide by any parameters set on an appropriation. MCDOT's expenditure of funds beyond June violated the binding Council Resolution. Furthermore, their lack of formal written criteria and processes for how the funds were disbursed, and their lack of documentation supporting those decisions may have led to inequities in who received the funding, and how much was received.

RECOMMENDATION 6

We recommend MCDOT develop and implement formal written policy requiring MCDOT staff and managers administering financial incentive and disbursement programs be trained on relevant eligibility requirements and limitations on the use of the funds.

OIG COMMENTS TO THE CAO'S RESPONSE

The County Chief Administrative Officer's response to our report is included in its entirety in Appendix B. The response indicates with the OIG's recommendations. The Chief Administrative Officer's response to our report is included in its entirety in Appendix B. The response indicates concurrence with the OIG's recommendations. Appendix D summarizes the CAO's responses to individual recommendations and the OIG's assessment of the county's progress towards fully implementing the stated actions.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this performance audit were to:

- 1) To assess the administration of the Transportation Services Improvement Fund (TSIF) in accordance with county laws and regulations.
- 2) To evaluate the county's progress towards meeting its goal of ensuring 5,400 county bus stops are ADA compliant, as stated in the 2011 DOJ settlement.
- 3) To assess the extent to which fraud exists within the requests for disbursements from the Transportation Services Improvement Fund (TSIF).

Scope and Methodology

The scope of our audit covered various subject areas and time periods as outlined below:

- All TSIF Disbursement Application payments between July 1, 2021, and June 30, 2023, including related supporting documentation.

Table 7: Total TSIF Disbursements 7/1/2021 to 6/30/2023

TSIF Disbursement Type	Number of Disbursements
Wheelchair Trip Payments	945
Fuel Relief Payments	523
Taxi Reimbursements	10
Fingerprinting Fees	10
Passenger Vehicle Licenses	4
Insurance Renewal/Reimbursements	1
Total	1,493

- All Passenger Vehicle Licenses issued and renewed between July 1, 2021, and June 30, 2023, including related vehicle inspection records and supporting documentation.
- All Taxicab Driver Identification Cards issued between July 1, 2021, and June 30, 2023, including related background checks and required fingerprinting verification.
- All county bus stop locations as of January 19, 2024.
- All issued work orders for the Bus Stop Improvement Capital Improvement Project between July 1, 2021, and June 30, 2023.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

- All issued work orders for the ADA Compliance: Transportation Capital Improvement Project between July 1, 2021, and June 30, 2023.

From January to April 2024, we conducted fieldwork to achieve our stated objectives. We performed walkthroughs with MCDOT personnel to assess controls over disbursements made from the TSIF and recordation of bus stop compliance status in the One Stop database¹⁰. Additionally, we interviewed various individuals from MCDOT's Taxicab Regulation Unit and the Passenger Facilities Service Unit; County Finance; and the Office of Management and Budget. We also reviewed county and departmental policies and procedures and sampled transactions to test against criteria.

We obtained and reviewed the following criteria for our performance audit:

- 1) Montgomery County Code, Chapter 53. Taxicab, Article II. Taxicab Licenses.
- 2) Montgomery County Code, Chapter 53. Taxicab, Article III. Taxicab Driver Identification Cards.
- 3) Montgomery County Code, Chapter 53. Taxicab, Article V. Accessibility.
- 4) Montgomery County Code, Chapter 53. Taxicab, Article VIII. Transportation Services Improvement Fund.
- 5) Montgomery County Executive Regulation 10-22. Transportation Services Improvement Fund.
- 6) Accounts Payable Policies – Financial Governing Principles and Standards, effective: October 1, 2022.
- 7) Accounts Payable Invoice Guidelines, effective: December 29, 2021.
- 8) 2010 ADA Standards for Accessible Design. Chapter II. Scoping Requirements. Sec. 810 Transportation Facilities.

Objective 1 – TSIF Administration

To assess the administration of the TSIF, we obtained relevant TSIF program regulations and conducted walkthroughs and interviews with MCDOT Taxicab Regulation Unit personnel to gain an understanding of the review and approval process for disbursements from the fund. To evaluate this process, we selected a sample of 77 TSIF disbursements from the 548 disbursements that were not described as "wheelchair trip payments". We tested wheelchair trip payments under objective 3. In generating our test sample, we judgmentally selected 100% of the disbursements for Taxi Reimbursements, Fingerprints, Passenger Vehicle Licenses, and Insurance Renewal/Reimbursements, resulting in 25 selections. We selected the remaining 52

¹⁰ The One Stop database is an internally developed web application used by MCDOT's Passenger Facilities Unit to manage the current inventory of bus stops in the County. It contains characteristics of each bus stop which include location information, shelter availability, serviceable routes, and if there is a bench.

test subjects from the population of fuel relief payments by utilizing the risk-based sampling approach for substantive testing noted in table 8.

Table 8: Risk-based Sampling Methodology

Number of Transactions in Population	Percentage of Items to Test (based on risk)
<100	100%
101-500	Low: 20% Medium: 30% High: 40%
501-900	Low: 10% Medium: 15% High: 20%
901-1,800	Low: 5% Medium: 8% High: 10%
>1,800	Low: 1% Medium: 3% High: 5% (limit to 250 items)

We determined the risk related to Fuel Relief Payments to be low as the payments were preapproved by Resolution 19-1241 and the payments were immaterial compared to other disbursements made from the fund. As a result, we used data analysis software to randomly select 52 fuel relief payments for testing.

We tested each disbursement selected to determine whether the applicant receiving the disbursement was eligible to receive monies from the fund by reviewing taxicab I.D. cards and related physician’s certificates, and PVLs and related liability insurance. Additionally, we tested to determine the validity of the disbursement by reviewing the submitted TSIF Disbursement Application for completion and related supporting documentation such as receipts for insurance payments, trip manifests, and retrofitting work orders.

Objective 2 – County Bus Stop Compliance

To evaluate ADA compliance at county bus stops, we performed a visual inspection of a sample of stops to evaluate them against criteria from the ADA Standards for Accessible Design (Design Standards). After interviewing MCDOT personnel from the Passenger Facilities Service Unit to gain an understanding of their One Stop database and specific bus stop characteristics, we arrived at a revised population of 1,465 stops out of the total 5,400 bus stops county-wide by filtering for stops designated in MCDOT’s One Stop as “grass or dirt” landing area, “no sidewalk”, or “no corners” on the curb cuts.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

We then selected a judgmental sample of 46 bus stops from our revised population of 1,465. These 46 bus stops represent stops that were designated as either “grass or dirt”, “no sidewalk”, or “no corners” in One Stop, along Ride On transit service routes, and were located on county-owned roads as these bus stops fall under the jurisdiction of the county for corrective actions.

For each of the 46 selected bus stops, we conducted visual inspections of the stops to determine compliance with ADA design standards by confirming if the stop had a firm, stable surface, was the appropriate length and width, and was connected to streets, sidewalks, or pedestrian paths by an accessible route. We also made inquiries into whether each of the selected bus stops had been assigned to an active capital improvement project to address ADA design deficiencies.

Objective 3 – TSIF Verification of Payments

During the background phase of the audit, we were provided with a refund request correspondence letter dated July 5, 2023, issued to a driver who had falsified trip records to obtain additional payments from the TSIF. We inquired with MCDOT Taxicab Regulation Unit to determine how the fraud was uncovered. We then sought to determine if the driver who committed fraud received additional payments from the TSIF after the fraud was suspected and discovered. We analyzed disbursements made to this driver by obtaining listings of disbursements from the fund for FY22, FY23, and FY24 and filtering for the driver’s name.

To further assess the extent to which fraud exists within the TSIF, we expanded our review to include a random sample of similar WAV incentive payments to test for the possibility of additional unverifiable and fraudulent trips. Our population for this testing included all wheelchair trip payments noted in table 7 above. We selected a judgmental sample of 31 TSIF disbursements and obtained the driver’s handwritten trip manifests as well as the taxicab companies electronic trip manifest. From the handwritten manifests related to the disbursement, we randomly selected three WAV trips for which the driver was paid to verify the trip was present on the taxicab companies trip manifest, to confirm that the trip originated or ended within the county, and to ensure the accuracy of mileage. We tested a total of 93 WAV trips.

Internal Controls

We evaluated MCDOT’s internal controls and compliance with policies and procedures related to the processing and approval of TSIF disbursements. However, we did not assess MCDOT’s internal control structure to provide assurance on its effectiveness. We conducted walkthroughs, interviews, and documentation reviews to assess whether internal controls related to the design of appropriate types of control activities and documentation of responsibilities through policies are properly designed and implemented. It is important to note that our review was limited in scope and may not have identified all internal control deficiencies that may have existed at the time of this audit.

Auditing Standards

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

APPENDIX B: THE CAO'S RESPONSE

The Chief Administrative Officer provided the following response to our report:



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

June 10, 2024

TO: Megan Davey Limarzi, Inspector General

FROM: Richard S. Madaleno, Chief Administrative Officer *BSM*

SUBJECT: Inspector General Confidential Draft Report: Performance Audit of Transit Services – Montgomery County Department of Transportation (OIG Publication #OIG-24-015)

Thank you for the opportunity to respond to the issues identified in the report. The Department of Transportation (MCDOT) performs a vital role in providing safe and reliable public transportation and mobility services to County residents. MCDOT also administers the Transportation Services Improvement Fund (TSIF) to ensure the County's taxi industry remains viable to provide transportation services to our most vulnerable residents who often have no other transportation options. These services and programs support the livability of the County's communities and ease commutes for County residents. We are proud of their work and the services they provide the County.

We acknowledge that there are opportunities to improve administrative processes within the department, to include better documented internal review and approval processes and procedures. Your report's findings and recommendations will be useful as we continue to improve processes in the future.

The report noted the following recommendations.

Recommendation 1: MCDOT should develop and implement a formal written plan to bring all bus stops into compliance with ADA Design Standards.

CAO Response: We concur with the recommendation and MCDOT has already made substantial progress in ensuring that bus stops are ADA compliant. As noted in the draft report, MCDOT requested proposals to conduct a comprehensive audit of existing bus stops, including those where accessibility improvements have been made in the past, to assess ADA compliance and identify any additional improvements that need to be made in the future. That activity has progressed whereby a Notice to Proceed was issued to a contractor on May 28, 2024, and a final

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Inspector General Confidential Draft Report: Performance Audit of Transit Services–
Montgomery County Department of Transportation (OIG Publication #OIG-24-015)
June 10, 2024
Page 2 of 3

report is expected by the end of CY 2025. The results of this audit will provide an actionable plan that will assist in framing future budget requests and improvement projects.

Recommendation 2: MCDOT should implement a process to monitor eligibility requirements of drivers/owners to ensure requirements are met prior to receiving disbursements from the Transportation Services Improvement Fund (TSIF).

CAO Response: We concur that MCDOT can enhance its internal processes for ensuring that eligibility requirements and documentation are met by taxicab drivers prior to payments/disbursements from the TSIF being made. MCDOT will develop a Taxi Regulation Unit Policies & Procedures Manual by the end of CY 2024, which will include but not be limited to details on processing Passenger Vehicle Licenses (PVL), Taxi ID cards and TSIF program reimbursement and incentive payments. This Manual will also include development of a checklist by August 2024 that will be completed for each application/invoice submitted to ensure the driver is currently eligible and that all supporting documentation has been provided and has been validated. Regarding the report's assertion about one vendor not being registered in Central Vendor Registration System (CVRS), as a result of a recent audit of another department, the OIG raised a similar issue of vendors not being included in CVRS. The County noted at that time that grandfathered vendors already established in Oracle prior to the implementation of CVRS were not required to register again through CVRS. The one vendor identified in the report as not being in CVRS was in fact grandfathered and vetted by Finance.

Recommendation 3: MCDOT should develop and implement a formal review and approval process for TSIF Disbursement Applications and other requested reimbursements, to include reviewing and recording supporting documentation.

CAO Response: This recommendation is similar to the recommendation above, but is specific to taxicab owners/drivers who operate wheelchair accessible vehicles (WAV). As noted above, MCDOT will develop the checklist by August 2024 that will be completed for each application/invoice submitted to ensure the driver is currently eligible and that all supporting documentation has been provided and has been validated. We would note for clarity that the \$5,999.60 listed in Table 4 was not for disbursements to drivers for unauthorized activities; these were payments to a contractor to perform the finger printing for issuance of Taxi ID cards. MCDOT acknowledges it used the incorrect accounting codes for processing these invoices.

Recommendation 4: MCDOT should implement a formal written review process for the monthly verification of WAV trips and mileage and conduct routine verification activities. MCDOT should work with the County Attorney's office to collect the total funds owed by the offending driver.

CAO Response: We concur with the recommendation. As noted above, MCDOT will develop a Taxi Regulation Unit Policies & Procedures Manual by the end of CY 2024, which will include

Inspector General Confidential Draft Report: Performance Audit of Transit Services—
Montgomery County Department of Transportation (OIG Publication #OIG-24-015)
June 10, 2024
Page 3 of 3

but not be limited to details on processing PVL licenses, Taxi ID cards and TSIF program reimbursement and incentive payments. MCDOT will meet with the County Attorney by July 15, 2024, to discuss options and processes to collect the funds owned by the driver, and/or to pursue other applicable legal actions.

Recommendation 5: MCDOT should implement written procedures that require applicants for all programs to complete an application that addresses eligibility criteria. MCDOT should implement written procedures to evaluate applications for program participation to ensure compliance and eligibility with established requirements before disbursing public funds.

CAO Response: We agree with the intent of the recommendation. If MCDOT determines that an application is required as part of the eligibility process for a program, it will ensure this requirement is enforced. MCDOT is aware of the importance of ensuring that appropriated funds are disbursed based on program eligibility criteria, and is committed to ensuring that such criteria are enforced in future programs.

Recommendation 6: MCDOT should distribute guidance to staff who administer financial incentive and disbursement programs regarding eligibility requirements and limitations on the use of appropriated funds.

CAO Response: MCDOT is aware of the importance of ensuring that appropriated funds are disbursed based on program eligibility criteria and is committed to ensuring that such criteria are enforced in its programs. MCDOT acknowledges that it did not adhere to the duration of the program specified in the resolution; MCDOT did adhere to the limit on funds appropriated to the program. The 2022 gasoline price surge continued through August and appropriated funds remained available after the award of grants for the period from March to June. MCDOT disbursed the funds remaining in July and August following the same procedures used for March through June, but with lower award amounts based on the availability of appropriated funds. MCDOT did not seek to extend the program as gasoline prices dropped below \$4.00 in September. MCDOT acknowledges that Council authorization for extending the duration of the program should have been sought for July and August. As noted in response to the recommendations above, MCDOT will develop a Taxi Regulation Unit Policies & Procedures Manual by the end of CY 2024 and will provide training to staff who administer financial incentive and disbursement programs by the end of CY 2024. MCDOT will take appropriate steps to ensure that appropriated funds are disbursed in accordance with criteria and limitations set forth in appropriations and the County Code and supporting Regulations.

Thank you for bringing these matters to our attention.

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Chris Conklin, Director, Department of Transportation
Bill Broglie, Internal Audit Manager, Office of the County Executive

APPENDIX C: RECOMMENDATION STATUS AND FOLLOW-UP

This Appendix provides a summary of the findings and recommendations presented in this report along with the OIG’s assessment of the county’s progress towards addressing the recommendations. The OIG categorizes progress towards implementation into the following 4 status groups:

- Open Unresolved: No management response, inadequate response, or no agreement on corrective action plan.
- Open In Progress: Agreed on planned action, auditee is in the process of implementing stated actions, but no evidence of implementation has yet been provided to the OIG.
- Open Resolved: Auditee provided support to OIG indicating implementation was complete, OIG testing to ensure implementation.
- Closed: Recommendation has been implemented.

Finding #	Finding	Recommendation	CAO Response	Status
1	Some county bus stops are not compliant with ADA standards.	1: We recommend MCDOT develop and implement a formal written plan to bring all bus stops into compliance with ADA Design Standards.	Concur <ul style="list-style-type: none"> • MCDOT requested proposals to conduct a comprehensive audit of existing bus stops • Notice to Proceed was issued to a contractor on May 28th • Final report expected by the end of CY 2025 and will provide an actionable plan. 	<ul style="list-style-type: none"> • Open-In Progress

APPENDIX C: Recommendation Status and Follow-Up

Finding #	Finding	Recommendation	CAO Response	Status
2	MCDOT did not always ensure eligibility of participants prior to disbursing funds from the TSIF.	2: We recommend MCDOT implement a process to monitor eligibility requirements of drivers/owners to ensure requirements are met prior to receiving disbursements from the TSIF.	Concur <ul style="list-style-type: none"> • MCDOT will develop a Taxi Regulation Unit Polices & Procedures Manual by the end of CY 2024, • This Manual will also include development of a checklist by August 2024 that will be completed for each application/invoice submitted. 	<ul style="list-style-type: none"> • Open-In Progress
3	MCDOT improperly paid \$32,229 in TSIF disbursements.	3: We recommend MDOT develop and implement a formal review and approval process for TSIF Disbursement Applications and other requested reimbursements, to include reviewing and recording supporting documentation.	Concur <ul style="list-style-type: none"> • MCDOT develop checklist by August 2024 that will be completed for each application/invoice submitted. 	<ul style="list-style-type: none"> • Open-In Progress

APPENDIX C: Recommendation Status and Follow-Up

Finding #	Finding	Recommendation	CAO Response	Status
4	TSIF disbursements totaling \$14,202.62 were approved and paid to a driver after confirming the driver had committed fraud.	<p>4a: We recommend MCDOT implement a formal written review process for the monthly verification of WAV trips and mileage and conduct routine verification activities.</p>	<p>Concur</p> <ul style="list-style-type: none"> • MCDOT will develop a Taxi Regulation Unit Polices & Procedures Manual by the end of CY 2024. 	<ul style="list-style-type: none"> • Open-In Progress
		<p>4b: We recommend MCDOT work with the County Attorney's office to collect the \$14,700 owed by the unscrupulous driver.</p>	<p>Concur</p> <ul style="list-style-type: none"> • MCDOT will meet with the County Attorney by July 15, 2024, to discuss options and processes to collect the funds owned by the driver, and/or to pursue other applicable legal actions. 	<ul style="list-style-type: none"> • Open-In Progress

APPENDIX C: Recommendation Status and Follow-Up

Finding #	Finding	Recommendation	CAO Response	Status
5	MCDOT did not ensure the eligibility of fuel relief recipients prior to disbursing funds.	<p>5a: We recommend MCDOT implement written procedures that require applicants for all programs to complete an application that addresses eligibility criteria.</p>	<p>Concur</p> <ul style="list-style-type: none"> • If MCDOT determines that an application is required as part of the eligibility process for a program, it will ensure this requirement is enforced. • MCDOT director agreed to incorporate language in new manual to reflect their intent to use an application by default unless they deem it not relevant to the specific program. 	<ul style="list-style-type: none"> • Open-In Progress
		<p>5b: We recommend MCDOT implement written procedures to evaluate applications for program participation to ensure compliance and eligibility with established requirements before disbursing public funds.</p>	<p>Concur</p> <ul style="list-style-type: none"> • MCDOT will develop a Taxi Regulation Unit Polices & Procedures Manual by the end of CY 2024. 	<ul style="list-style-type: none"> • Open-In Progress

APPENDIX C: Recommendation Status and Follow-Up

Finding #	Finding	Recommendation	CAO Response	Status
6	MCDOT made \$40,138 in unauthorized fuel relief payments.	6. We recommend MCDOT develop and implement formal written policy requiring MCDOT staff and managers administering financial incentive and disbursement programs be trained on relevant eligibility requirements and limitations on the use of the funds.	Concur <ul style="list-style-type: none"> MCDOT will develop a Taxi Regulation Unit Polices & Procedures Manual by the end of CY 2024. 	<ul style="list-style-type: none"> Open-In Progress