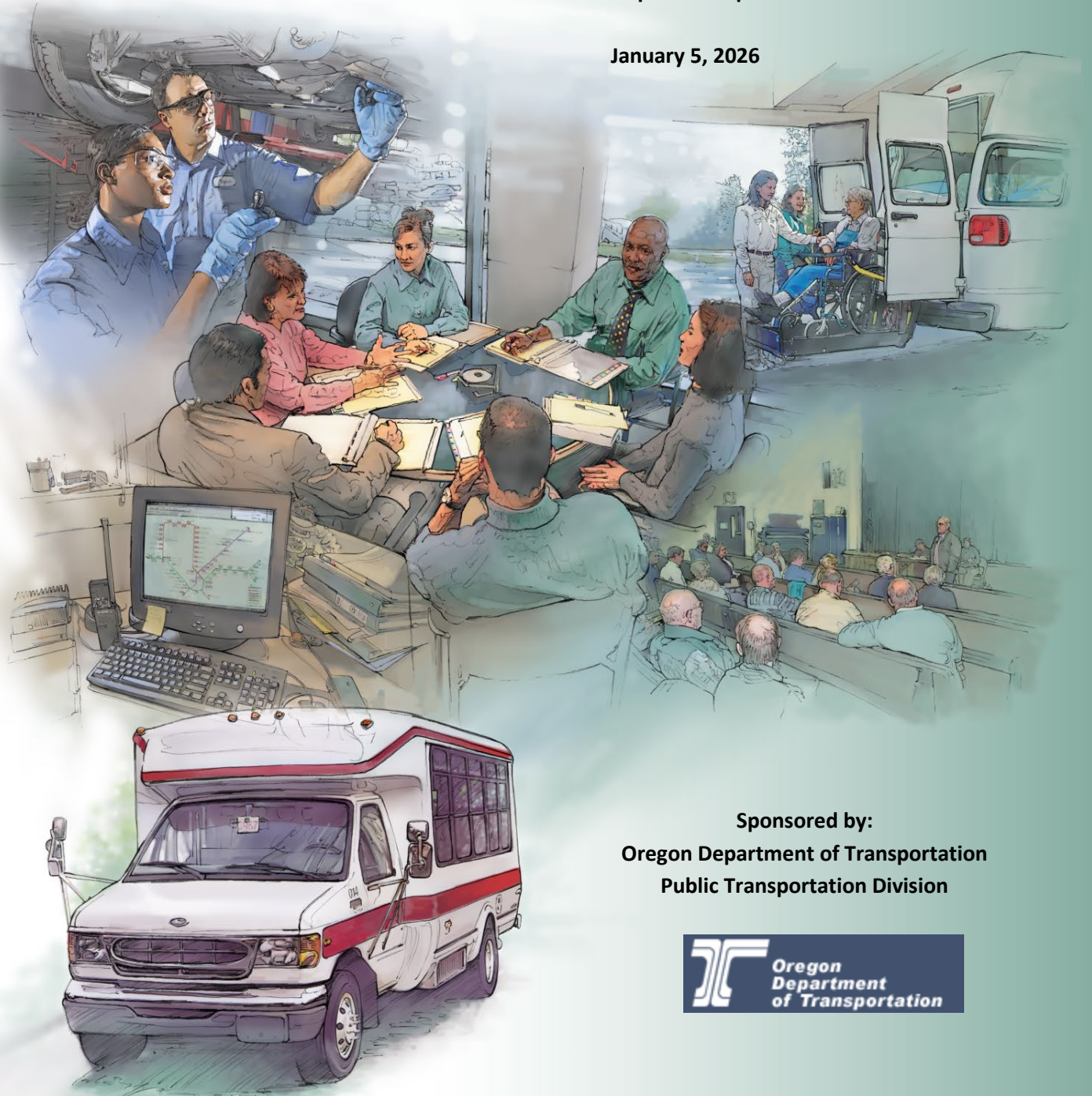




Compliance Review of the Oregon Cascades West Council of Governments

Compliance Report

January 5, 2026



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Oregon Department of Transportation
Public Transportation Division



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Table of Contents

Oregon DOT Compliance Monitoring Program	1
Scope of the Review	1
Service Area	3
Description of the Transit Service	4
Funding.....	4
OCWCOG Compliance Review.....	5
Program Management.....	5
Program Management Compliance Observations and Advisory Recommendations.....	5
Financial Management	5
Financial Management Compliance Observations and Advisory Recommendations	6
Operations Management.....	7
Operations Management Compliance Observations and Advisory Recommendations	7
Procurement	7
Procurement Compliance Observations and Advisory Recommendations.....	8
Use and Maintenance of Project Equipment and Facilities.....	8
Use and Maintenance Compliance Observations and Advisory Recommendations.....	9
Civil Rights	9
Civil Rights Compliance Observations and Advisory Recommendations.....	9
Americans with Disabilities Act.....	10
Americans with Disabilities Act Compliance Observations and Advisory Recommendations	11
Charter and School Bus.....	11
Charter and School Bus Compliance Observations and Advisory Recommendations.....	11
Statewide Transportation Improvement Fund.....	11
Statewide Transportation Improvement Fund Compliance Observations and Advisory Recommendations	12
Compliance Review Corrective Action Plan	13
Summary	13

Exhibit 1. Compliance Review Participants

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Oregon DOT Compliance Monitoring Program

Scope of the Review

The Oregon Department of Transportation's (ODOT) Public Transportation Division (PTD) is responsible for the implementation and oversight of ODOT's federal and state transit grant programs. The Compliance Monitoring Program is designed to assist the PTD and public transportation providers with the assessment of how transit agencies in Oregon meet the varied compliance requirements imposed by the state, as stipulated in the latest version of the *State Management Plan for Public Transportation Programs*. This document summarizes federal and state requirements for PTD-administered grant programs.

Each Compliance Review assesses how an agency's management is complying with federal and state laws, rules, requirements, and regulations. The Program's overall goal is to improve an agency's compliance with applicable regulations while strengthening management's abilities in those areas.

Procedures for conducting this review follow the process described in the Compliance Field Guide for conducting Oregon Compliance Reviews, developed by RLS & Associates, Inc. (RLS). ODOT contracted with this firm to conduct these reviews. This report documents the results of a Compliance Review conducted of the Oregon Cascades West Council of Governments (OCWCOG).

The review was conducted in person on November 19, 2025, by Mr. Matthew Bussey of RLS. Mr. Cody Franz, ODOT Regional Transit Coordinator, also participated and observed the review.

The Agency's receipt of grant funding applicable to this review includes federal Section 5307 funds directly from ODOT and the Statewide Transportation Improvement Fund (STIF). It was determined through consultation with ODOT officials that the compliance review would address the following nine (9) topical areas:

1. Program Management
2. Financial Management
3. Operations Management
4. Procurement
5. Use and Maintenance of Project Equipment
6. Civil Rights
7. Americans with Disabilities Act
8. Charter and School Bus Provision
9. Statewide Transportation Improvement Fund

An overview of the major compliance principles and elements is provided for each topical area. Reviewers used the Compliance Review Field Guide (Version 7.0) to determine the nature and extent of technical assistance required to ensure compliance.

This report documents those policies, procedures, or practices requiring corrective action to bring the element(s) into compliance or for which a best practice recommendation could improve operating or administrative efficiency. Findings relative to the subrecipient are stated and remedial actions necessary to achieve compliance are outlined in each topical area along with a timetable to address the findings.

Observations and recommendations will be provided as a result of the review. These findings are typically categorized as follows:

Exhibit 2. Report Findings

Report Finding	Subrecipient Responsibility	Timeframe
Compliance Observation	Implement remedial action within a limited, prescribed timeframe.	30 -180 Days
Advisory Recommendation	Optional element to be considered by transit system management. Recommendations typically represent industry “best practices” and should be evaluated by management accordingly.	No specific timeframe

In addressing each report’s recommendations, the following information will be provided:

- ◆ **Condition.** A narrative description of the condition or conditions that do not align with federal or state requirements or a condition that creates:
 - A compliance deficiency;
 - An increase in risk to the agency; or
 - An inefficient use of agency resources.
- ◆ **Remedy.** The review will provide a detailed narrative of the remedial activity needed to address the condition noted above. Where applicable, sample forms, policies, or procedures will be provided to the subrecipient to assist the subrecipient in remedying the deficiency.
- ◆ **Timeframe.** In consultation with ODOT staff, the reviewer will determine a suitable timeframe to implement corrective action for all Compliance Observations.

If OCWCOG requires additional time beyond what is specified in this report, the agency must consult with its ODOT Regional Transit Coordinator (RTC). The compliance review corrective action plan, presented at the end of this report, includes a summary table of all recommendations.

Due to the test nature and other inherent limitations of the limited scope of work encompassed in this review, along with the constraints of any system of internal and management controls used to ensure compliance, this assessment will not necessarily reveal all instances of noncompliance. The procedures employed are substantially narrower in scope than a full compliance audit; they are designed to provide

the transit provider with technical assistance to facilitate compliance with the terms and conditions of federal financial assistance.

Service Area

OCWCOG provides public transportation planning and oversight throughout Linn County, Benton County, Lincoln County, and the Confederated Tribe of the Siletz Indians; its members include those previous counties and tribe, 20 cities, and one port. Most of the subordinate organizations are located along the Willamette Valley. Linn County consists of 2,297 square miles located in northcentral Oregon, with Albany being the county seat. Less than half of Linn County's 129,839-person population lives in Albany, with many residents spread across a largely rural area with limited access to medical care and shopping centers.

Benton County is located in Northwestern Oregon. The County seat is Corvallis, which is approximately 85 miles south of Portland. U.S. Highway 20 runs east-west through the County, while State Highway 99W provides a north-south connection. Interstate 5 traverses the state north-south just east of Benton County. Benton County has a U.S. Census 2024 population estimate of 98,899 persons living across a land area of approximately 676 square miles. This results in approximately 141 persons per square mile. Approximately 22.8 percent of the population is minority, with 16.2 percent of the population living below the poverty level.

Lincoln County is located in southeastern Oregon, along the Pacific Ocean. The coastal city of Newport is the county seat. Other small cities/towns include Lincoln City, Toledo, and Depoe Bay. Lincoln County had 50,862 residents based on 2021 U.S. Census data. The county contains 1,194 square miles, many of which are designated state and federal nature preserves, forests, or beaches. There are 51.4 people per square mile in Lincoln County, and the poverty rate is 15.2%. Lincoln County borders Tillamook, Polk, Benton, and Lane Counties.

The Confederated Tribes of Siletz Indians are located in Siletz, a city about 15 miles northeast of Newport in Lincoln County. State highways 229 and 410 converge in Siletz. CTSI has no real service boundary, with the service area extending to eleven counties in lieu of a defined service boundary. The transit service does not encompass the entire eleven-county area. The system serves the tribal population area in the towns across the area, with approximately 25 percent of the Tribe's 5,000 total estimated population residing in Lincoln County.

Description of the Transit Service

In 1967, the Counties of Benton and Linn formed the Linn-Benton Association of Governments to aid in applications for federal grants and loans. In 1970, Governor Tom McCall divided the state of Oregon into administrative regions. The organization then joined Lincoln County and its communities to form the Oregon District 4 Council of Governments. In 1990, the organization rewrote its articles of engagement to give decision-making powers to the executive board of the organization rather than the boards for each subdistrict. Accompanying these changes, the organization would adopt the current name of the Oregon Cascades West Council of Governments. The Transportation function of the organization focuses on planning and management of the transit services of subrecipient organizations, including:

- ◆ Managing Cascades West Ride Line, the Region's Non-Emergent Medical Transportation (NEMT);
- ◆ Managing both the Albany Area Metropolitan Planning Organization (AAMPO) and the Corvallis Area Metropolitan Planning Organization (CAMPO);
- ◆ Staffing the Cascades West Area Commission on Transportation (CWACT);
- ◆ Coordinating the regional Transportation Options Program, including carpool and vanpool services; and
- ◆ Provides in-kind staff support to the Linn-Benton Loop.

Funding

During the review period, OCWCOG received funding from Section 5307 directly from ODOT and STIF.

Overview of the Compliance Status of the Oregon Cascades West Council of Governments

Based on the interviews conducted and materials examined as part of this review, one (1) compliance observation was identified in the areas of Financial Management. One (1) advisory recommendation was also made in the areas of Civil Rights.

OCWCOG Compliance Review

Program Management

Program management encompasses several key areas, including the governing structure of the organization, documentation detailing the environment of control, and the subrecipient's managerial capacity to ensure adequate oversight and proper use of federal funds. All ODOT grant recipients must be legally constituted and have a governing board that must provide appropriate oversight of the financial affairs of the organization and approve all key policies of the agency. An agency's overall control environment sets the tone of the organization and influences the control consciousness of its employees. To successfully address risks and achieve its objectives, agency management must institute various control activities, such as segregation of duties, physical controls, and a system of approvals.

Program management encompasses the following areas in the review process:

- ◆ Organizational Governance
- ◆ Control Environment

Program Management Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with the ODOT requirements in the area of Program Management.

Financial Management

All subrecipients are required to establish and maintain an accounting system that follows generally accepted accounting principles (GAAP) and/or guidelines issued by the Government Accounting Standards Board (GASB). All financial transactions must be recorded in a manner to be clearly identified, easily traced, and substantially documented. The fully allocated cost of the public transit program must be identified regardless of the agency's operational nature. All ODOT subrecipients are expected to use funds received as specified in the project application and grant agreement(s). Control systems must adhere to the applicable requirements outlined in the State Management Plan and other requirements as may be established by ODOT.

Financial management encompasses the following areas in the review process:

- ◆ Accounting Practices
- ◆ Indirect Costs

- ◆ Internal Controls
- ◆ Budget
- ◆ Documentation of Costs
- ◆ Cash Management
- ◆ Financial and Program Reporting
- ◆ Local Match
- ◆ In-Kind or Contributed Services
- ◆ Program Income
- ◆ Single Audit

Financial Management Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, one deficiency was found with the ODOT requirements in the area of Financial Management. OCWCOG must address:

1. Compliance Observation

Accounting Practices

No: 2351

Code: FM2-1

Condition: Federal cost principles require that non-federal entities that accept federal financial aid must have written financial policies that include procedures to determine the allowability of costs that are charged to federal awards (2 CFR § 200.302(b)(7)). OCWCOG has established financial policies and procedures in its financial manual, but these policies do not address the allowability of costs as required by 2 CFR § 200.403.

Remedy: OCWCOG must revise its financial management policies to include all required factors that could affect the allowability of costs for any expenses charged to its federal awards, as set forth in Subpart E – Cost Principles of 2 CFR § 200. A sample policy for determining the allowability of costs charged to federal awards has been provided by the contractor.



Model Policy for
Allowability of Costs.d

Timeframe: 60 Days

Operations Management

All subrecipients are required to demonstrate the managerial and technical capacity to meet all federal and state requirements, affect the scope of services described in grant applications and agreements, and optimize federal and state funding in a manner consistent with safeguarding the public trust. Subrecipients meet this requirement by ensuring appropriate staff levels, providing adequate training, and developing policies and procedures that maximize operational efficiency and effectiveness. In addition to the primary topics discussed below, reviewers also evaluated policies and procedures, including customer service, operations planning, marketing, and complaint management.

Operations management encompasses the following areas in the review process:

- ◆ Organization and Staffing
- ◆ Operations
- ◆ Scheduling
- ◆ Dispatching
- ◆ Safety and Security

Operations Management Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with the ODOT requirements in the area of Operations Management.

Procurement

PTD and subrecipients receiving funding under ODOT programs must comply with all federal, state, and local laws, ordinances, regulations, and policies regarding procurement and contracting. FTA Circular 4220.1F documents applicable federal procurement requirements. Subrecipients that are public entities will follow those requirements that apply to state and local governments.

All non-federal entities, including subrecipients of the state, must follow 2 CFR part 200.318, “General procurement standards,” through 2 CFR part 200.326, “Contract provisions.” Subrecipients that are private for-profit organizations must comply with FTA procurement requirements contained in FTA Circular 4220.1F for procurements conducted with federal funds.

Procurement encompasses the following areas in the review process:

- ◆ Standards of Conduct
- ◆ Third-Party Contracting Capacity

- ◆ Purchasing Methods
- ◆ Other than Full and Open Competition
- ◆ Cost and Price Analysis
- ◆ Protests and Disputes
- ◆ Pre-Award and Post-Delivery Audits
- ◆ New Model Bus Testing

Procurement Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with the ODOT requirements in the area of Procurement.

Use and Maintenance of Project Equipment and Facilities

Capital equipment is defined as a tangible item with an aggregate purchase price of \$5,000 or more and with a useful life of at least one year. For all equipment, subrecipients are responsible for maintaining appropriate equipment records by: including a method of assigning a property tag number to each item; performing a periodic inventory (at least every two years); safeguarding equipment from misuse and abuse; maintaining equipment in a state of good repair; and following appropriate disposal procedures when equipment is no longer needed or has exceeded its useful life.

The subrecipient and/or designated operator shall have the requisite fiscal and technical capacity to carry out the project and be responsible for maintaining required insurance coverage and property records, conducting physical inventories, implementing adequate property control systems, and maintaining the equipment in proper working condition. Documentation that supports compliance with these elements must be available upon request.

Equipment and facilities must be kept in good operating order. Meal delivery or other incidental services provided by the grantee cannot conflict with the provision of public transit service or result in a reduction of service to transit passengers.

Use and maintenance of project equipment encompasses the following areas in the review process:

- ◆ Real Property
- ◆ Equipment – General
- ◆ Maintenance of Equipment and Facilities
- ◆ Equipment – Insurance
- ◆ Equipment – Incidental Use

Use and Maintenance Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with the ODOT requirements in the area of the Use and Maintenance of Project Equipment and Facilities.

Civil Rights

Federal civil rights requirements are encompassed in laws, regulations, and executive orders. The objective of FTA's oversight in this area is to:

- ◆ Ensure that the level and quality of transportation service are provided without regard to race, color, or national origin;
- ◆ Identify and address, as appropriate, disproportionately high and adverse human health and environmental effects, including social and economic effects of programs and activities on minority populations and low-income populations;
- ◆ Promote the full and fair participation of all affected populations in transportation decision-making;
- ◆ Prevent the denial, reduction, or delay in benefits related to programs and activities that benefit minority populations or low-income populations; and
- ◆ Ensure meaningful access to programs and activities by persons with limited English proficiency.

Civil Rights encompasses the following areas in the review process:

- ◆ Title VI Requirements
- ◆ Limited English Proficiency (LEP)/Language Assistance Programs
- ◆ Equal Employment Opportunity
- ◆ Disadvantaged Business Enterprises (DBE)

Civil Rights Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with the ODOT requirements in the area of Civil Rights. However, one (1) advisory recommendation is provided to improve management of the program:

2. Advisory Recommendation

Title VI Program

No: 2352

Code: N/A

Condition: Title VI's protections, and the required Title VI program stipulated in FTA Circular 4702.1B, only extend to race, color, and national origin. While other populations are covered by other legislative actions, Title VI is limited to those three protected classes. In reviewing OCWCOG's Title VI program, which is a joint plan for OCWCOG, Corvallis Area MPO, and Albany Area MPO, it was observed that the program lists several classes outside of Title VI, including: sex, age, disability, and income status.

Remedy: The next joint Title VI plan should include only race, color, and national origin as protected classes.

Timeframe: No specific timeframe

Americans with Disabilities Act

Under U.S. Department of Transportation (USDOT) Americans with Disabilities Act of 1990 (ADA) regulations, public and private transportation providers are required to operate services in a way that does not discriminate against persons with disabilities. The regulations include general nondiscrimination provisions that apply to all types of agencies and services. Some provisions apply only to certain types of agencies and services. For example, public fixed route operators are required to make onboard stop announcements to keep riders oriented to their location.

The organization serves as a pass-through entity that does not operate a transportation service, and as such, the Americans with Disabilities Act (ADA) topics examined during this review were limited to the below referenced:

- ◆ Entity/Service Classification
- ◆ Nondiscrimination
- ◆ Fixed Route Systems
- ◆ Demand Response Systems
- ◆ General Requirements

Americans with Disabilities Act Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with ODOT requirements in the area of the Americans with Disabilities Act.

Charter and School Bus

ODOT subrecipients are prohibited from using federally funded equipment or facilities to provide charter service. Under new regulations, effective April 30, 2008, certain activities are exempt from coverage and other charter services may be provided under limited circumstances if they meet certain exceptions spelled out in the regulation. Generally, service provided under contract to a human services agency is considered a “program purpose” and is exempt from charter regulatory coverage.

ODOT subrecipients are not permitted to use federally funded equipment to provide exclusive school bus transportation for school students and school personnel. The implementing regulation does permit regular service to be modified to accommodate school students along with the general public. Under FTA’s school bus regulation, Head Start is considered a social service, not a school program.

The charter and school bus regulations encompass the following areas in the review process:

- ◆ Charter Service
- ◆ School Bus Service

Charter and School Bus Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with ODOT requirements in the area of Charter and School Bus services.

Statewide Transportation Improvement Fund

The Statewide Transportation Improvement Fund (STIF) provides financial support to eligible Public Transportation Service Providers, defined as “Qualified Entities.” STIF monies may be used for public transportation purposes that support the effective planning, deployment, operation, and administration of STIF-funded public transportation programs, including, but not limited to:

- ◆ Creation of new systems and services with origins, destinations or stops in Oregon;
- ◆ Maintenance or continuation of systems and services; and

- ◆ Planning and development of a local plan or future STIF Plan to improve Public Transportation Service.

The majority of the STIF money (90%) is allocated based on a formula; the formula is structured to ensure that no Qualified Entity receives less than \$100,000 per year. The remaining funds are distributed by the Public Transportation Discretionary Grant Program. There are many requirements associated with receiving STIF funds.

Statewide Transportation Improvement Fund Compliance Observations and Advisory Recommendations

Based on the interviews conducted and materials examined as part of this review, no deficiencies were found with the ODOT requirements in the area of STIF.

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Compliance Review Corrective Action Plan

Summary

One (1) Compliance Observation and one (1) Advisory Recommendation were made as a result of this review.

Exhibit 3 provides a summary of the observation detailed in this compliance review. A recommended time frame for subrecipient remedial action is provided. Both ODOT and OCWCOG may comment on this recommendation; this timeframe can then be adjusted based on the mutual agreements between the subrecipient and ODOT.

Exhibit 3. Summary of Compliance Observations and Advisory Recommendations

Subrecipient	Date of Draft Report	ODOT Region	RTC
Oregon Cascades West Council of Governments	January 5, 2026	2	Cody Franz

Topic: Financial Management		Subtopic: Accounting Practices	Compliance Observation
No. 2351		Code: FM2-3	
Item No.	Condition	Remedy	Timeframe
1	Federal cost principles require that non-federal entities that accept federal financial aid must have written financial policies that include procedures to determine the allowability of costs that are charged to federal awards (2 CFR § 200.302(b)(7)). OCWCOG has established financial policies and procedures in its financial manual, but these policies do not address the allowability of costs as required by 2 CFR § 200.403.	OCWCOG must revise its financial management policies to include all required factors that could affect the allowability of costs for any expenses charged to its federal awards, as set forth in Subpart E – Cost Principles of 2 CFR § 200. A sample policy for determining the allowability of costs charged to federal awards has been provided by the contractor.	60 Days
Topic: Civil Rights		Subtopic: Title VI Program	Advisory Recommendation
No. 2342		Code: N/A	
Item No.	Condition	Remedy	Timeframe
2	Title VI's protections, and the required Title VI program stipulated in FTA Circular 4702.1B, only extend to race, color, and national origin. While other populations are covered by other legislative actions, Title VI is limited to those three protected classes. In reviewing OCWCOG's Title VI program, which is a joint plan for OCWCOG, Corvallis Area MPO, and Albany Area MPO, it was observed that the program lists several classes outside of Title VI, including: sex, age, disability, and income status.	The next joint Title VI plan should include only race, color, and national origin as protected classes.	No specific timeframe