Dave Ehlinger

From: Wiese, Jared - DOT <Jared.Wiese@dot.wi.gov>
Sent: Monday, March 6, 2023 7:46 AM
To: Dave Ehlinger
Cc: Lisa Aide
Subject: City of Stoughton / 2017 Transit Audits - Exit Conference
Attachments: 2017 Exit Conference.pdf; 2017 Deficit Distribution Schedule.pdf; 2017 Schedule of Revenue & Expenses.pdf

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Accidentally typed in the wrong ending to your email address, Dave. Please see the attached documents and email message below.

If you have any questions, please let me know.

Thank you,

Jared Wiese | Auditor
Wisconsin Department of Transportation
Bureau of Financial Management
Audit & Contract Administration Section
jared.wiese@dot.wi.gov
Direct: (608) 266-1695

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From: Wiese, Jared - DOT
Sent: Monday, March 06, 2023 7:43 AM
To: dehlinger@ci.stoughton.wi.gov
Cc: Aide, Lisa L - MUN <laide@ci.stoughton.wi.us>
Subject: City of Stoughton / 2017 Transit Audits - Exit Conference

Greetings,

I have completed the **2017** transit operating assistance audit for the **City of Stoughton** (F.D.S. Enterprises, Inc.).

Attached, please find the exit conference document for **2017**. Also, you will find the corresponding Deficit Distribution and Revenue & Expense Schedule. Here is a mini explanation of each document.

Exit Document – Explains the audit adjustments on the Schedule of Revenue & Expenses and audit findings, if applicable.
Schedule of Revenue and Expenses – Shows reported revenue and expenses from the ***City of Stoughton*** to WisDOT, as well as the audit adjustments made.

Deficit Distribution Schedule – Applies audited revenue, expense, and deficit amounts to contractual limitations for state/federal grant funding. The amount due/owed, if anything, is identified at the bottom of the page for the State and Federal funding.

Since there was a transition to a new operator in 2018, the findings in the exit conference aren't relevant for the City of Stoughton anymore. However, for your records, you have the findings noted so for future reference in case F.D.S. Enterprises, Inc. submits a proposal for a new RFP, you will want to ensure they followed through with corrective action on these findings.

After you have reviewed all the documents, please sign and return the Exit Conference document. Signing the exit document does not mean you agree with the results. It only means that you have received and reviewed all documentation for that year. Additionally, questions or revisions may occur as further reviews of the audit occur. If any revisions change the outcome of the audit, you will be notified with the revisions and an explanation.

If you have any questions regarding the audit, please feel free to contact me.

Thank you,

Jared Wiese | Auditor
Wisconsin Department of Transportation
Bureau of Financial Management
Audit & Contract Administration Section
jared.wiese@dot.wi.gov
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WISCONSIN DEPARTMENT OF TRANSPORTATION
DIVISION OF BUSINESS MANAGEMENT
BUREAU OF FINANCIAL MANAGEMENT
EXIT CONFERENCE

City of Stoughton
2017 Transit Operating Assistance
Report 21-7577

Date: March 6, 2023

Attendees:	Jared Wiese	WisDOT
(via email)	Dave Ehlinger	City of Stoughton
	Lisa Aide	City of Stoughton

Schedule of Revenue & Expense (draft)

1. Adjustments
    a. To adjust Passenger Fares to audited total
    b. To adjust Purchased Transportation to audited total

Deficit Distribution/Funding Summary (draft)

Deficiency *(excluded from official report)*

None

Significant Deficiency [Non-Material] *(included in official report)*

2017-001 Internal Controls: Time Authorization

Criteria: The document used to track service hours (Drivers logs or Timesheets) for billing should have clear evidence of employee certification and supervisor approval. Doing so would conform to 2 CFR 200.430(i): Administrative Rules; and contract provisions.
Condition: Audit testing found employee signature and supervisor approval absent from driver's logs, which serve as time records.
Cause: Ineffective training and procedures on employee and supervisor authorization on time records.
Effect: Failure to require authorization by employee and supervisor risks that service hours, and therefore expenses, are incorrect.
Repeat Finding: Yes; deficiency
Recommendation: Perform additional training to employees and supervisors on proper authorization on driver logs, driver time records.

Significant Deficiency [Material Weakness] *(included in official report)*

2017-002 Internal Control: Driver Time Entry & Review

Criteria: State and Federal contract requirements state "all costs charged to this Grant Agreement shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers indicating the purpose of the charges." Time records must be accurate to support charged costs.
Condition: Inconsistent recording of stop times and total hours driven by drivers on their logs with no corrections required by the reviewer.

Cause: The reviewer initialing the driver's log as complete and accurate does not require the driver to correct or enter their stop times and/or total hours.
Effect: Inaccurate or incomplete time records risks that service hours billed to the grant are over/understated. Employee time records are used to determine allowable and properly allocated service hours.
Repeat Finding: Yes; 2016-002
Recommendation: Perform additional training to drivers on recording time on their driver log, which serves as their time record. Require reviewer to return driver logs with incomplete or inaccurate driver times and/or total hours.

2017-003 Internal Control: Expense Reporting
Criteria: Personnel expenses must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
Condition: At days end, a dispatcher and driver discuss start/stop times over the phone. Once discussed, the dispatcher records the driver's time on a summary Daily Report which is used as the basis for billing service hours to the municipality.
Cause: Ineffective controls on time recording and reviews of driver time records leads to more frequent verbal discussions of service hours which creates unsupported time.
Effect: The service hours recorded on the Daily Report are never viewed by the driver. Allowing the dispatcher to record driver's service hours based on a phone discussion creates a risk that service hours reported are inaccurate, unauthorized, and/or unsupported.
Repeat Finding: Yes; 2016-003
Recommendation: Hours on the Daily Report should only be taken directly from signed driver logs, which serves as driver's time records.

2017-004 Contract Compliance: Financial Statement Retention
Criteria: Contracts signed require records be maintained "for a period of five years" and shall be available upon request for inspection and audit purposes.
Condition: Financial statements were not made available to WisDOT auditors.
Cause: Based on prior audits, the taxi operator chose to start a new company in their accounting system but was unable to find the financial information for calendar year 2017.
Effect: Failure to create and maintain accurate source documents, subsidiary schedules, and ledgers risks inaccurate or unallowed costs were billed and reported to the Department.
Repeat Finding: Yes; 2016-005
Recommendation: Accurately record and maintain source documents, subsidiary schedules, and ledgers for the contracted record retention period.

A corrective action plan must be submitted to address all significant deficiencies; include specific actions that will be taken to correct these deficiencies and your timeline for implementation. A letter requesting a corrective action plan will be sent when the audit report is issued; however, if a plan is submitted prior to the deadline stated below and it is acceptable, a letter will not be issued, and our notation of acceptance will be included in the official report.

WISCONSIN DEPARTMENT OF TRANSPORTATION

DIVISION OF BUSINESS MANAGEMENT

BUREAU OF FINANCIAL MANAGEMENT

EXIT CONFERENCE

Please review the draft and contact the auditor by **March 24, 2023,** with questions. You may concur with the results and notify the auditor sooner to expedite issuing the report. If contact is not made, it will be implied as an agreement and the audit will be submitted for processing.

Municipality representative signature does not attest to complete agreement with the results, but rather that the exit conference documents were received, and that the representative has had the opportunity to review the results, obtain clarification on adjustments or deficiencies, and provide follow up information, explanations, or interpretations for the auditor(s) within the appropriate deadlines. Final audit results will be determined by WisDOT and will be made based on applicable Federal and State laws, regulations, and administrative codes.

JARED WIESE 03/06/2023
Auditor Date:

4-17-2023
Municipality Rep. Date:

CITY OF STOUGHTON
F.D.S. Enterprises, Inc.
Deficit Distribution/Funding Summary
For the Year Ended December 31, 2017

STATE FUNDS

Operator's Recognized Expense	$ 256,168			
State Recognized Expense at 60%		$ 153,701		
Less Federal Share		-		
Non-Federal Share			$ 153,701	
Operator's Recognized Deficit	$ 147,993			
Less Federal Share		$ -		
Non-Federal Share			$ 147,993	
State Contract Amount			$ 145,000	
State Share				$ 145,000

SUMMARY OF FUNDING

	Funding Summary	State Payments	Amount Due City/ (State)
State I.D. 0471-17-76 P.O. 0000004284	$ 145,000	$ 130,500	$ 14,500
Total Non-Local Funding	145,000	$ 130,500	$ 14,500
Local Share	2,993		
Total Funding	$ 147,993		

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CITY OF STOUGHTON
F.D.S. Enterprises, Inc.
Schedule of Revenue and Expense
For the Year Ended December 31, 2017

	Revenue & Expense Statement	Calculated Adjustments		Calculated Amounts	Budgeted Amounts
Revenue					
401 Passenger Fares	$ 106,875	$ 1,301	a	$ 108,176	$ 120,000
Total Fare Revenue	$ 106,875	$ 1,301		$ 108,176	$ 120,000
Expense					
508 Purchased Transportation	$ 257,076	$ (908)	b	$ 256,168	$ 265,000
Total Expense	$ 257,076	$ (908)		$ 256,168	$ 265,000
Operating Surplus (Deficit)	$ (150,201)			$ (147,993)	$ (145,000)

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Adjustment Summary

FY 2017

Revenue

Increase of $1,301 due to invoicing error. June 2017 invoice submittal was for City of Black River Falls not City of Stoughton.

Expenses

Decrease of $908 due to invoicing error. June 2017 invoice submittal was for City of Black River Falls not City of Stoughton.

DRAFT

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