

**AGREED-UPON PROCEDURES REPORT  
OF THE  
NEBRASKA DEPARTMENT OF TRANSPORTATION  
STATEWIDE VANPOOL PROGRAM**

**JULY 1, 2018, THROUGH JUNE 30, 2019**

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**Issued on February 28, 2020**

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NEBRASKA DEPARTMENT OF TRANSPORTATION  
STATEWIDE VANPOOL PROGRAM

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**BACKGROUND**

The Nebraska Department of Transportation (NDOT) awarded a contract to Enterprise Rent-A-Car Company (Enterprise) for providing a turnkey vanpool service for commuters in urban and rural areas Statewide at a competitive and reasonable cost. The goal of the contract is to provide commuters with an alternate mode of transportation that is cost effective, reliable, and environmentally friendly.

A vanpool is a group of individuals who agree to share the ride to work each workday. To be eligible for Federal subsidies, if available, the vanpool must have a minimum of six adult commuters, not including the driver. The vanpool driver is a volunteer from within the group using the van for transportation to and from work. The vanpool driver cannot be paid a wage by the vanpool group, his or her employer, or any third party in exchange for driving the van. All vanpools must be open to the public should any person desire to ride in a vanpool serving his or her work-trip commute (space permitting).

Enterprise is responsible for the following:

- Managing the van fleet.
- Maintaining, licensing, and insuring vans in the fleet.
- Providing the appropriate size of van for the number of commuters to meet the needs of each route.
- Ensuring all vans comply with all applicable local, State, and Federal laws, ordinances, rules, orders, and regulations.
- Keeping the vans in safe working order and in a state of good repair for commuters' safety.
- Cost of all repairs and/or maintenance of the vans and coordinating the scheduled servicing and repairs.
- Providing wheelchair-accessible vans upon request.
- Conducting and maintaining driving records checks on all vanpool and alternate drivers, and ensuring that all drivers can legally operate a vehicle.
- Collecting and reporting all operating and service data required by the Federal Transit Administration (FTA) for the National Transit Database.

NDOT provides subsidies per vanpool using allowable Federal funds. The monthly vanpool fees will be based on operating costs and the number of commuters participating in the vanpool. In addition to the NDOT subsidies, commuters will pay a monthly fee to Enterprise.



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## NEBRASKA DEPARTMENT OF TRANSPORTATION STATEWIDE VANPOOL PROGRAM

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Nebraska Department of Transportation  
Lincoln, Nebraska

We have performed the procedures enumerated below on the application of the requirements of the Federal Transit Administration (FTA), as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA) by the Nebraska Department of Transportation (NDOT) for the fiscal year ended June 30, 2019. Such procedures, which were agreed to by NDOT management, were performed to assist NDOT and FTA in determining conformance with USOA requirements based on the following assertion by NDOT's management:

*The accounting system from which the NTD reports for the fiscal year ended June 30, 2019, were derived, uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA.*

NDOT's management is responsible for conformance with the requirements described above. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and associated findings are as follows:

#### 1. Procedure: NTD Crosswalk

- a. Obtain the Reduced Reporter Form RR-20 prepared by management for the year ended June 30, 2019.

**Obtained the Reduced Reporter Form RR-20 from Nebraska Department of Transportation (NDOT) management. The Form RR-20 is prepared by Enterprise Rent-A-Car Company (Enterprise), which contracts with NDOT to provide vanpool services. The contract between NDOT and Enterprise states, "Contractor shall collect and report all operating and service data required by the FTA for the National Transit Database."**

- b. Obtain the reconciliation documentation management prepares (referred to as "the crosswalk" throughout this report) to reconcile the chart of accounts, general ledger, and/or trial balance and other supporting documents such as Excel spreadsheets (collectively referred to as the accounting system) to Form RR-20.

**Obtained the reconciliation documentation that Enterprise prepares to reconcile the chart of accounts, general ledger, and/or trial balance and other supporting documents, such as Excel spreadsheets, to Form RR-20, as well as information from NDOT for \$940 in personnel costs and \$940 in Federal receipts. The contract between NDOT and Enterprise states, "Contractor shall collect and report all operating and service data required by the FTA for the National Transit Database."**

- c. Inquire of management as to whether the crosswalk obtained in procedure 1.b is supported by the accounting system.

**Inquired with NDOT, and NDOT's \$940 in personnel costs and \$940 in Federal receipts are not supported by the accounting system. The NDOT personnel cost was an estimate of time NDOT staff spent on the program, and the \$940 Federal receipt was to reimburse those estimated personnel costs.**

**Inquired of Enterprise management, and the data on Form RR-20 is supported by Enterprise's accounting system and other Enterprise systems. Customers' passenger fuel costs were reported to Enterprise monthly.**

*NDOT Response: The NDOT Transit Section does not code staff time to individual projects. The basis for the estimate of personnel costs is based on feedback from the program manager and the individual responsible for reviewing Enterprise invoices. The process is documented so it will be consistent on an annual basis.*

- d. For a transit agency that is part of a larger reporting entity, inquire of management as to whether the crosswalk includes the full cost of providing transit service, including costs incurred by the larger reporting entity to specifically support the agency's transit service.

**Inquired with NDOT and Enterprise, and the crosswalk includes the full cost of providing transit service.**

- e. Inspect the crosswalk to determine that it incorporates NTD reporting using the applicable mode(s) and types of service identified in Form RR-20.

**Inspected the crosswalk and other supporting information that was used for NTD reporting. NDOT contracts with Enterprise for Vanpool Purchased Transportation, which is the only mode and type of service identified on the Form RR-20.**

## **2. Procedure: Accrual Accounting**

- a. Obtain the most recent audited financial statements that include the transit agency and inspect the notes to the financial statements to determine whether the accrual basis of accounting was used.

**NDOT is part of the State of Nebraska reporting entity, which is audited as part of the Comprehensive Annual Financial Report (CAFR). Per the fiscal year ended June 30, 2019, CAFR, "The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting . . . ." Of the revenues and expenditures reported on the Form RR-20, only \$940 was related to NDOT. The remaining activity was recorded and tracked by Enterprise, with which NDOT has contracted to provide vanpool services to Nebraska citizens.**

**The contract between NDOT and Enterprise states, "Contractor shall collect and report all operating and service data required by the FTA for the National Transit Database." The contract with Enterprise does not require Enterprise to report information on the accrual basis of accounting; however, the APA did inquire with Enterprise as to whether the information provided and used to compile the Form RR-20 was on the accrual basis of accounting. Enterprise stated that the accrual basis of accounting was used.**

- b. Inquire of management as to whether the accrual basis of accounting has continued to be used since the last audited reporting period and that it is used for NTD reporting in the current period.

**The contract between NDOT and Enterprise for providing vanpool services started in May 2017. Inquired of NDOT and Enterprise management, and the accrual basis of accounting has continued to be used since the beginning of the contract; it was used also for NTD reporting in the current period.**

- c. If the notes to the financial statements indicate that an accrual basis of accounting is not being used, or the results of the inquiry to management in procedure 2.b indicate the accrual basis of accounting is not being used in the current period, inspect the crosswalk to determine that the transit agency made adjustments to convert to an accrual basis for NTD reporting.

NDOT is part of the State of Nebraska reporting entity, which is audited as part of the Comprehensive Annual Financial Report (CAFR). Per the CAFR, “The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting . . .” Of the revenues and expenditures reported on the Form RR-20, only \$940 was made by NDOT. The remaining activity was recorded and tracked by Enterprise, with which NDOT has contracted to provide vanpool services to Nebraska citizens.

The contract between NDOT and Enterprise states, “Contractor shall collect and report all operating and service data required by the FTA for the National Transit Database.” The contract with Enterprise does not require Enterprise to report information on the accrual basis of accounting; however, the APA did inquire with Enterprise as to whether the information provided was on the accrual basis of accounting. Enterprise stated that the accrual basis of accounting was used.

### 3. Procedure: Sources of Revenue Expended

- a. Trace and agree the two largest directly generated fund passenger fare revenue modes (all service types) from Form RR-20 to the accounting system.

Obtained an accounting system report from Enterprise that identified \$68,723 in directly generated funds for Vanpool Purchased Transportation, which is the only mode and service type. Additionally, the APA obtained a report from Enterprise that identified \$27,664 in fuel purchases reported by passengers. The fuel purchases reported by passengers was not from Enterprise’s accounting system but from a separate Enterprise system where passengers are able to report fuel purchases.

- b. Trace and agree the largest source of funds expended (other than passenger fares) in the following major categories of funds from Form RR-20 to the accounting system: (1) Other Directly Generated Funds; (2) Revenue Accrued Through a PT Agreement; (3) Non-Federal Funds; and (4) Federal Funds.

On Form RR-20, NDOT included \$940 as Federal Fund receipts to reimburse NDOT’s \$940 of reported personnel expenses. NDOT did not have documentation to support this \$940 Federal receipt amount.

Obtained reports and other supporting documentation from NDOT that supported \$31,680 in FTA Formula Grants for Rural Areas expenditures and \$10,800 in Federal Highway Administration’s Congestion Mitigation and Air Quality Improvement expenditures made to Enterprise. Total Federal funds paid to Enterprise were \$42,480. Based on this, the total Federal Funds received were \$43,420.

Obtained an accounting system report from Enterprise that identified \$42,080 in Federal Fund receipts. This report had a \$400 variance compared to NDOT’s supporting documentation.

Federal Funds was the only source of funds expended other than passenger fares on Form RR-20.

*NDOT Response: The funds to subsidize the vanpool program are derived from two federal sources. Federal Transit Administration funds from the Section 5311 program are used to subsidize the rural vanpools. Fund to support the urban vans are from the Federal Highway Administration’s Congestion Mitigation and Air Quality program. The NDOT accounting system separates these funds by program purpose but reporting to the NTD assumes the FHWA funds have been transferred to the Section 5311 program.*

- c. For each of the largest source of funds expended in 3b, inspect the crosswalk to determine that it identifies, evaluates, and classifies financial transactions into categories of funds expended on operations and funds expended on capital (USOA Section 2) for the reporting year.

Inspected the crosswalk, and it identified that the Federal Fund receipts identified in 3b were classified as funds expended on operations. The crosswalk identified that all funds were expended on operations, and no funds were expended on capital for the reporting year.

**4. Procedure: Funds Expended**

- a. Trace and agree the aggregate of total funds expended for operations and total funds expended for capital from Form RR-20 to the accounting system using the crosswalk or other written expense documentation.

**NDOT reported \$940 in operating expenses that was not supported by the NDOT accounting system. This was an estimate of costs incurred for NDOT personnel time. The remaining \$80,251 was traced to the Enterprise accounting system or other written expense documentation obtained from Enterprise.**

*NDOT Response: The NDOT Transit Section does not code staff time to individual projects. The basis for the estimate of personnel costs is based on feedback from the program manager and the individual responsible for reviewing Enterprise invoices. The process is documented so it will be consistent on an annual basis.*

- b. For the two largest modes/type of services, trace and agree funds expended on operations and funds expended on capital from Form RR-20 to the crosswalk or other written documentation of functional expenses.

**NDOT reported \$940 in operating expenses that was not supported by the NDOT accounting system. This was an estimate of costs incurred for NDOT personnel time. The remaining \$80,251 was traced to the Enterprise accounting system or other written expense documentation obtained from Enterprise that supported funds were expended on operations.**

**The only mode/type of service on the Form RR-20 was Vanpool Purchased Transportation. Form RR-20 contained only funds expended for operations.**

*NDOT Response: The NDOT Transit Section does not code staff time to individual projects. The basis for the estimate of personnel costs is based on feedback from the program manager and the individual responsible for reviewing Enterprise invoices. The process is documented so it will be consistent on an annual basis.*

\* \* \* \* \*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, NDOT’s conformance with the requirements described above, for the fiscal year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Draft copies of this report were furnished to NDOT to provide management with an opportunity to review and to respond to the comments contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time.

The purpose of this report is to disclose the results of the agreed-upon procedures identified in the contract dated January 8, 2020, and NDOT’s management assertion, as identified on page 2. This report is intended solely for the information and use of NDOT management and the FTA and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report is a matter of public record, and its distribution is not limited.



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February 28, 2020