



May 2, 2024

Yvette G. Taylor, Ph.D.  
Regional Administrator, Region IV  
Federal Transit Administration  
230 Peachtree Street, NW, Suite 1400  
Atlanta, Georgia 30303

Re: Charlotte Area Transit Response to FTA FMO Full Scope System Review

Dear Dr. Taylor:

As requested in your letter received on April 3, 2024, attached for your review and comment please find a copy of the Charlotte Area Transit System's (CATS) response to the draft report resulting from the Financial Management Oversight Full Scope System review conducted by Saggar & Rosenberg, P.C. We believe our response addresses each of Saggar & Rosenberg's findings.

I would also like to thank you for the assistance you and your staff regularly provide to CATS' leadership and staff.

If you require any additional information or have any questions regarding CATS' response to Saggar & Rosenberg's findings please contact Chad Howell, CATS CFO at 704-564-0481.

Best Regards,

Brent Cagle  
Interim Chief Executive Officer  
City of Charlotte Deputy City Manager

cc: Dudley Whyte, Deputy Regional Administrator, FTA Region IV  
David Powell, P.E. General Engineer, FTA Region IV  
Jeff Davis, CPA, Partner, Saggar & Rosenberg, P.C.  
Kenneth W. Becker, CPA, Senior Manager, Deva & Associates, P.C.  
Chad Howell, Chief Financial Officer



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www.ridetransit.org  
600 East Fourth Street  
Charlotte, NC 28202  
PH: 704-336-6917  
FAX: 704-353-0797

## **1. Inadequate System of Record Keeping**

### Finding:

The City of Charlotte (primarily CATS) did not maintain an adequate system of record keeping. As a result, certain information needed to complete testing during the review was not available in a timely manner.

### Recipient Response:

In response to the above recommendations, CATS agrees that due to difficulties in submitting the Blue Line Extension Status Report, Saggari and Rosenberg (S&R) didn't receive the report until after the January 26, 2024, cutoff date. However, the report was submitted to Mr. Diego Lopez at 10:41am and again at 12:23pm on January 25, 2024. The report was also submitted to Mr. Lopez a third time at 8:30am on January 26, 2024. The report was submitted a fourth time to Mr. Ken Becker at 10:32am on February 6, 2024, and CATS received acknowledgement that it was received from Mr. Becker.

S&R also requested a copy of an internal audit of Asset Management – Maintenance and Inspection Programs-Rail. CATS initially uploaded the report to the S&R Share Site on January 22, 2024. We later learned the report hadn't been received and we provided this report a second time to Mr. Becker on February 7, 2024.

CATS acknowledges that it can do a better job of ensuring receipt of submissions and educating staff on the adopted Control of Public Records Policy (RIM01). RIM01 “establishes guidelines for managing records within CATS; assigns records management responsibilities; and assists CATS employees in the identification, creation, receipt, maintenance, and destruction of CATS records. Divisions and Sections create and maintain records in order to operate effectively. To deliver records with value, CATS records must:

- Be authentic – what they claim to be.
- Be reliable – accurate representation of the transactions to which they relate.
- Have Integrity – complete, unaltered.”

CATS Finance and Quality and Assurance are working to ensure staff are adequately trained on their responsibilities as defined in RIM01.

CATS will complete these corrective actions within 90 days from the date of receipt of this report.

## **2. General Ledger Information Needed to Support Amounts in the NTD Report Not Provided in a Timely Manner**

### Finding:

CATS was not able to provide general ledger information in a timely manner to support amounts reported in their National Transit Database (NTD) report for the period ended June 30, 2022.

Recipient Response:

In response to the above recommendations, CATS agrees that because of staff turnover we were unable to complete a reconciliation of the requested NTD report until after the January 26, 2024, cutoff date. CATS did fully reconcile the requested report and upload the report to the provided Saggari and Rosenberg share drive on March 4, 2024. CATS further acknowledges we must develop a formal reference document outlining the steps necessary to draw data from the City's Financial System, review the data, and enter the data into NTD Reports. We must also ensure cross-training of staff on the new NTD reporting process. CATS Finance Staff is currently developing the reference document and associated training.

CATS will complete these corrective actions within 90 days from the date of receipt of this report.

**3. Copy of General Ledger Reconciliation Not Provided in a Timely Manner**

Finding:

CATS was not able to provide a copy of its reconciliation of fixed assets balances to the general ledger for the period ended June 30, 2023, in a timely manner.

Recipient Response:

In response to the above recommendations, CATS agrees with the finding and acknowledges the need to perform CATS specific general ledger (G/L) reconciliations for fixed asset accounts for bus, light rail, and streetcar similar to the documentation prepared for other monthly fixed asset reconciliations that were performed throughout the year. Currently, City Finance performs GL reconciliations by department on an annual basis in compliance with City Policy. CATS Finance Staff is working with City Finance Staff to modify our existing processes to comply with this recommendation.

CATS Finance will perform a complete fixed asset reconciliation by mode quarterly. CATS Finance will also create a desktop instruction manual to document the fixed asset reconciliation process. CATS will also provide Saggari and Rosenberg with a reconciliation for FY2023.

CATS will complete these corrective actions within 90 days from the date of receipt of this report.

**4. Fixed Asset Listing Did Not Indicate Holder of Title or Current Condition for Grant Funded Fixed Assets**

Finding:

The fixed asset listing did not indicate holder of title or current condition for any of the grant funded fixed assets.

Recipient Response:

In response to the above recommendations CATS agrees assets within the City's Fixed Asset Register didn't include the holder of the title. CATS is working with City Finance to add the City of Charlotte as the title holder into each asset.

Upon further review the current condition of assets is provided in User Field 3 within the asset register. However, the condition is not easily identified within the system reports. We are working with City Finance to include the condition rating in a more appropriate location and to ensure the condition rating is updated consistent with FTA Circular 5010.1E Chapter IV(4)(n) Management of Federally Assisted Property.

CATS will complete these corrective actions within 90 days from the date of receipt of this report.