

# **San Francisco Bay Area Rapid Transit District**

*2150 Webster Street, P. O. Box 12688, Oakland, CA 94604-2688*



## **COMMITTEE MEETING AGENDA**

**Tuesday, May 17, 2022**

**2:00 PM**

**via Teleconference only. Zoom Link:  
<https://us06web.zoom.us/j/83803391709>**

**Audit Committee**

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
2150 Webster Street, P. O. Box 12688, Oakland, CA 94604-2688

NOTICE OF MEETING AND AGENDA  
AUDIT COMMITTEE  
May 17, 2022  
2:00 p.m.

COMMITTEE MEMBERS: Directors Dufty (Chairperson), Saltzman, Allen, Parry, and Willis

Chairperson Dufty has called a Meeting of the Audit Committee on Tuesday, May 17, 2022, at 2:00 p.m.

Please note, pursuant to all necessary findings having been made by the Board of Directors of the San Francisco Bay Area Rapid Transit District (for itself as well as all subordinate legislative bodies) to continue remote public meetings in the manner contemplated under urgency legislation Assembly Bill No. 361, public participation for this meeting will be via teleconference only.

Presentation materials will be available via Legistar at <https://bart.legistar.com>

You may join the Committee Meeting via Zoom by calling 1-669-900-6833 and entering access code 838 0339 1709; logging in to Zoom.com and entering access code 838 0339 1709; or typing the following Zoom link into your web browser:  
<https://us06web.zoom.us/j/83803391709>

If you wish to make a public comment:

- 1) Submit written comments via email to [board.meeting@bart.gov](mailto:board.meeting@bart.gov), using “public comment” as the subject line. Your comment will be provided to the Committee and will become a permanent part of the file. Please submit your comments as far in advance as possible. Emailed comments must be received before 9:00 a.m. on May 17, 2022, in order to be included in the record.
  - 2) Call 1-669-900-6833, enter access code 838 0339 1709, dial \*9 to raise your hand when you wish to speak, and dial \*6 to unmute when you are requested to speak; log in to Zoom.com, enter access code 838 0339 1709, and use the raise hand feature; or join the Committee Meeting via the Zoom link (<https://us06web.zoom.us/j/83803391709>) and use the raise hand feature.
- Public comment is limited to three (3) minutes per person.

## **AGENDA**

1. Call to Order.

2. Audit Plan for Fiscal Year 2022 - Brad Schelle, Crowe LLP. For Information.

**Attachments:**      [Audit Plan for Fiscal Year 2022 - Presentation](#)

3. Next Meeting: Date and Future Agenda Items. For Discussion.
4. Committee Member Announcements/Comments. For Discussion.  
(An opportunity for Committee members to provide brief comments on matters relevant to the Audit Committee.)
5. Public Comment.

April B. A. Quintanilla  
Acting District Secretary

BART provides services/accommodations upon request to persons with disabilities and individuals who are limited English proficient who wish to address BART Board matters. A request must be made within one and five days in advance of a Board or Committee meeting, depending on the service requested. Please contact the District Secretary's Office at (510) 464-6083 for information.

# Audit Planning Meeting

San Francisco Bay Area Rapid Transit District

May 17, 2022



# Agenda

**1**

Introductions

**2**

Audit Deliverables

**3**

Audit Approach

**4**

Timeline

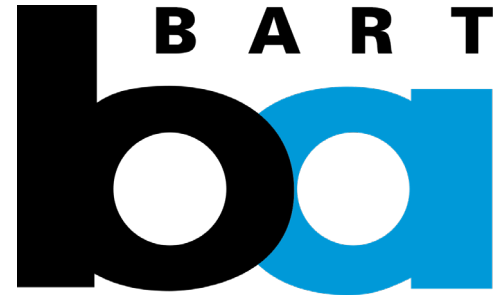
**5**

Audit Committee  
Planning Inquiries

**6**

Emerging Issues

# Introductions – Engagement Team



## Crowe Team

- Brad Schelle – Partner
- Rachel Snyder – Senior Manager

## Subcontractors

- Sam Qiu – Managing Director, Qiu Accountancy
- Ingrid Sheipline – Managing Partner, Richardson & Company



# Audit Deliverables

## Financial Statement Audits

- Independent Auditor's Report (BART Financial Statements, Retiree Health Benefit Trust, Retiree Survivor Benefits Trust, Capitol Corridor Joint Powers Authority)
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)

## Federal Compliance Audit

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards
- Crowe's electronic certification of the Data Collection Form through Federal Audit Clearinghouse



# Audit Deliverables (Continued)

## Agreed Upon Procedures

- National Transit Database Federal Funding Allocation Statistics Form
- Travel and Business-Related Expenditures of the District's Board of Directors

## State/Local Compliance Audits

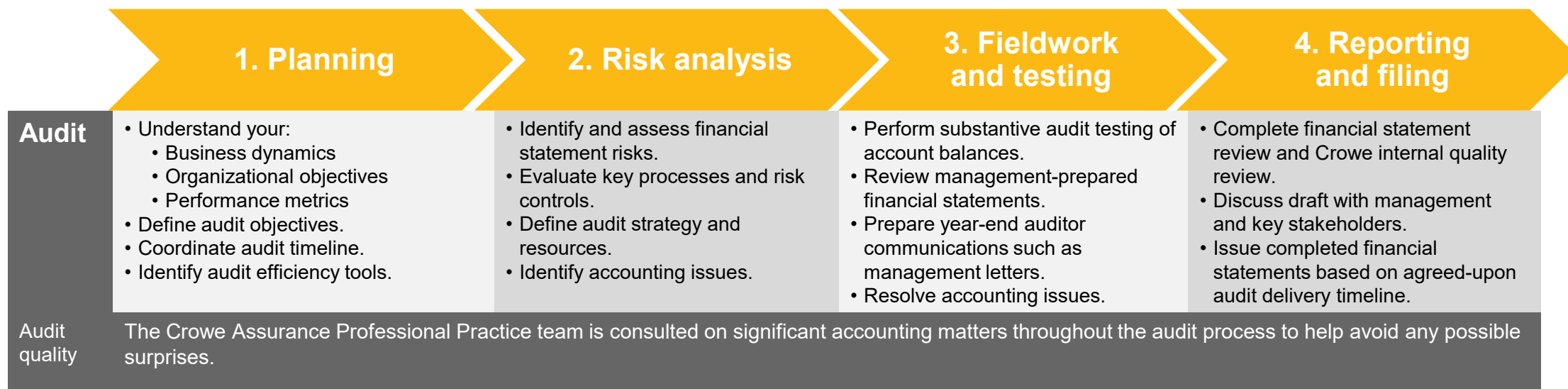
- Independent Auditor's Report on Compliance for Measure B Funds; Report on Internal Control over Compliance
- Independent Auditor's Report on Compliance for Measure BB Funds; Report on Internal Control over Compliance
- Independent Auditor's Report on Compliance with the State of California Transportation Development Act (TDA) and Rules and Regulations of the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA); Report on Internal Control over Compliance
- Independent Auditor's Report on Compliance with the State of California Transportation Development Act (TDA); Report on Internal Control over Compliance – Capitol Corridor Joint Powers Authority



# Audit Approach

## Audit Methodology and Approach

- BART Reporting Entity
- Purpose of Financial Statement and Compliance Audit
- Audit Committee Role– Quality, Internal controls, Compliance
- Concepts of Audit Risk and Materiality
- Role of Internal Controls and Tone at the Top
- Role of Monthly Financial Reporting



# Audit Approach



- Internal Controls
- Implementation of New Standards
  - GASB 87, Leases
  - GASB 89, Accounting for Interest Cost Incurred Before the End of a Construction Period
  - GASB 92, Omnibus 2020
  - GASB 97, Certain Component Unit Criteria and Section 457 Plans
  - GASB 98, The Annual Comprehensive Financial Report
  - IG 2019-3, Leases
  - IG 2020-1, Update
- CARES, CRRSAA, ARPA funding
- Traditional Risk Areas (cash, capital assets, debt, pension, revenue, etc.)

# Timeline

Date	Event
June 6	Interim and Single Audit fieldwork to begin
September 26	Final trial balance and audit requests provided to Crowe
October 3	Year-end and wrap up of Single Audit fieldwork to begin
October 17	BART to provide FS draft
October 21	BART to provide final NTD report
October 28	Crowe to deliver final NTD AUP report
November 8	Crowe to provide final draft reports to management
November 15	Crowe to present draft reports to the Audit Committee
December 1	Crowe to present final reports to the Board

# Audit Committee Planning Inquiries

- Fraud inquiries required by SAS 99
  - a. Management understands that it is their responsibility to prevent and detect fraud.
  - b. Management's views on the risks of material misstatement due to fraud, including the following:
    - Does management have knowledge of any fraud or suspected fraud affecting the entity?
    - Is management aware of any allegations of fraud or suspected fraud affecting the entity?
    - What is management's understanding about the risk of fraud in the entity, including any specific fraud risks the entity has identified or account balances or classes of transactions for which a risk of fraud may be likely to exist?
    - What programs or controls are established to reduce specific fraud risks that have been identified and how are these monitored?
    - How does management communicate to employees its views on business practices and ethical behavior?
    - Has management reported to the Committee (or others with equivalent authority and responsibility) how the entity's internal control services to prevent, deter or detect material misstatement due to fraud?
- Committee feedback and planning input
- Desired method for communicating management recommendations
- Communication and status updates



# Audit Committee Planning Inquiries

In an effort to assist the Audit Committee in its oversight role, the following fraud risks have been identified for discussion:

1. Misappropriation of assets
2. Undisclosed related party relationships
3. Unauthorized or improperly applied employee compensation and benefits
4. Loss of funds due to improper/unauthorized access to financial assets (i.e. hacking or phishing)
5. Loss of personal or sensitive information due to data breach
6. Misapplication or misuse of restricted funds

# Emerging Issues

- Implementation on the horizon
  - GASB 91, Conduit Debt Obligations
  - GASB 96, Subscription-Based Information Technology Arrangements
- Ongoing COVID-19 Related Issues





# Thank You

Brad Schelle

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Rachel Snyder

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