

Audit Planning Meeting

San Francisco Bay Area Rapid Transit District

May 17, 2022



Agenda

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Timeline

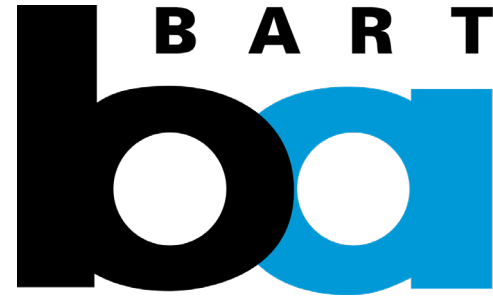
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Audit Committee
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Emerging Issues

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

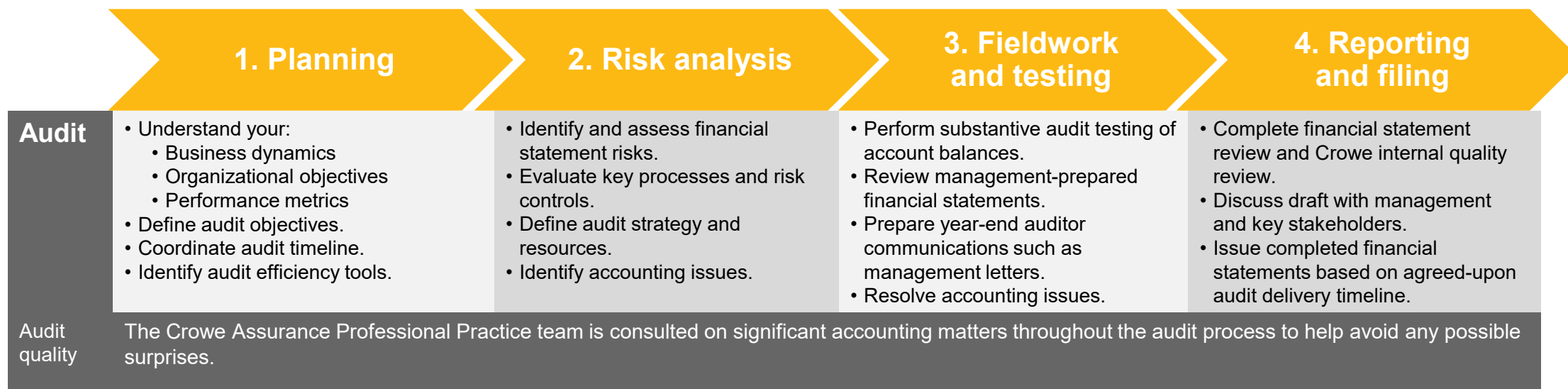
State/Local Compliance Audits

- 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

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