

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

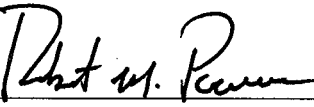
DATE: September 7, 2018

FROM: General Manager

SUBJECT: Consent Calendar Item #2: Audit of Directors' Use of District Property

Attached is the Internal Audit Department's final audit report – *Audit of Directors' Use of District Property for Fiscal Year 2018*. The audit report will appear on the September 13, 2018, Board Consent Calendar.

If you have any questions regarding the audit, please contact Dennis Markham at (510) 464-6275.



Grace Crunican

Attachment

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

*Audit of Directors' Use of District Property
for Fiscal Year 2018*

BACKGROUND

The Performance and Audit Department has audited the District's compliance with the requirements of the San Francisco Bay Area Rapid Transit District's *Rules of the Board of Directors* Board Rule 5-3.5, Use of District Property Other than Automobiles. The Rules require that the Internal Audit Department shall complete an annual audit for the previous fiscal year for compliance with the requirements of Board Rule 5-3.5, and shall submit the audit report, including a list of property issued to each Director, to the next Administration Committee following September 15 for review and forwarding to the full Board (this audit report is included on the agenda for the September 13, 2018, Board Meeting as agreed to with the Interim District Secretary).

Board Rule 5-3.5 requires that:

- Directors may have use and possession of specifically identified District property that is comparable in cost and function to equipment available to District employees;
- The property shall be returned when a Director leaves office;
- Directors request the property through the District Secretary's Office;
- The District Secretary shall request quarterly that the Directors review their cellular phone and calling card charges;
- Directors reimburse the District within 30 days of the quarterly request for reimbursement of costs that are not for District business; and
- The District Secretary shall report to the Board President or Vice President if the quarterly requests are not responded to or reimbursements not made within 30 days.

The purpose of our audit was to determine whether the District complied with the requirements of Board Rule 5-3.5 for the fiscal year ended June 30, 2018. To accomplish our purpose, we reviewed the requirements of the Board Rule, reviewed the report for the audit of compliance with the Board Rule done for the previous year, examined records maintained by the District Secretary, notified Directors of the property recorded in the District's records as issued to each Director, and conducted discussions with the staff of the District Secretary's Office.

***Audit of Directors' Use of District Property
for Fiscal Year 2018***

BACKGROUND
(Cont'd)

We performed the audit in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances. We used the *Rules of the Board of Directors* Board Rule 5-3.5 as criteria for the audit.

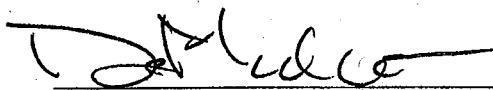
We provided Patricia Williams, Interim District Secretary, with a draft copy of our audit report on August 30, 2018. We discussed the draft audit report with her on August 30, 2018, and we have incorporated her comments.

**SUMMARY OF
AUDIT RESULTS**

We found that in fiscal year 2018, the District complied in all material respects with the requirements of Board Rule 5-3.5. A list of property issued to each Director as recorded in the District's records is shown in Exhibit A.

A former Director who left office in December 2014 did not return or reimburse the District for District purchased equipment as required by Board Rule 5-3.5(a). The equipment was valued at \$2,888 when the Director left office. In October 2017, the District Secretary determined the value of the equipment to be uncollectable.

The cellular phone bills for May and June 2018 were not available in time for this audit. We will review those bills as part of next year's audit.



Dennis Markham, Chief Performance and
Audit Officer

***Audit of Directors' Use of District Property
for Fiscal Year 2018***

Exhibit A

**Schedule of District Property in Directors' Custody
As of June 30, 2018**

DIRECTOR	PROPERTY DESCRIPTION
Debora Allen 1st District	(No Equipment Issued)
Joel Keller 2nd District	Apple iPhone 6s
Rebecca Saltzman 3rd District	(No Equipment Issued)
Robert Raburn 4th District	(No Equipment Issued)
John McPartland 5th District	Apple iPhone 7 External Computer Hard Drive Computer Phone Card
Thomas M. Blalock 6th District	Brother Intellifax Apple iPad Mini
Lateefah Simon 7th District	Apple iPhone 7
Nicholas Josefowitz 8th District	(No Equipment Issued)
Bevan Dufty 9th District	(No Equipment Issued)