STAFF REPORT

MEETING DATE:	**2/26/13**
SUBJECT:	**Accept Fiscal Year 2011/12 Fiscal and Compliance Audit**
AGENDA ITEM:	**10**
STAFF CONTACT:	**Dave Wallace**

STAFF RECOMMENDATIONS:

It is recommended that the board of directors accept the fiscal and compliance audits for the year ending June 30, 2012.

DISCUSSION:

The agency is required to have an independent auditor perform an audit of SRTA financial statements and issue a report on the agency's compliance with laws, rules and regulations. DH Scott & Company has completed their fiscal and compliance audits of the agency for the year ending June 30, 2012. Audited financial statements and compliance reports, along with a letter to management with various recommendations to improve the internal controls of the agency, are attached. All audit findings occurred while SRTA was under the county's system of internal controls.

The auditor expressed a "qualified" audit opinion. The auditor cited findings related to the lack of documentation by the agency in demonstrating compliance with certain Transportation Development Act (TDA) regulations, the lack of a complete set of policies and procedures and an increased need to monitor TDA and grant activities.

The executive director has responded to, and is in agreement with, all findings and recommendations. The agency was aware of these issues and is already in the process of adopting revised policies and procedures as part of the transition of SRTA to an independent agency, which occurred after the fiscal year that is the subject of this audit. The audit has been reviewed by the Finance Committee. The full audit is available on SRTA's website: www.srta.ca.gov.

ALTERNATIVES:

The board of directors may reject the audit reports and findings. A rejection may jeopardize the agency's ability to meet the State Controller's required audit submission date of March 31, 2013.

FINANCING:

Findings in the audit had no material financial effect.

Daniel S. Little, AICP, Executive Director

Attachments: Audited Financial Statements and Compliance Reports