STAFF REPORT

MEETING DATE:	**February 26, 2019**
SUBJECT:	**Accept Fiscal Year 2017/18 Fiscal and Compliance Audit**
AGENDA ITEM:	**8-9**
STAFF CONTACT:	**Monika Long, Chief Fiscal Officer**

STAFF RECOMMENDATION:

It is recommended that the board of directors accept the independent audit for the year ending June 30, 2018, and the Triennial Performance Audit for the years ending June 30, 2016-2018.

DISCUSSION:

Each year an independent auditor performs an audit and reports on the agency's financial statements.

The Pun Group has completed their audit of SRTA for the year ending June 30, 2018. SRTA received an unqualified audit opinion, meaning that SRTA's financial condition, position, and operations are:

1. In accordance with generally accepted accounting principles; and
2. In compliance with statutory requirements and regulations

The auditor recommends that the board of directors adopt more stringent policies in requiring local jurisdictions to submit required financial information on a timely basis and improve controls over subrecipient monitoring. The executive director has responded to, and agrees with, the auditor's findings and recommendations.

Additionally, every three years, a reviewer conducts a performance audit of SRTA to determine compliance with the Transportation Development Act's (TDA) rules and regulations.

The auditor has completed their performance audit of the agency for the years ending June 30, 2016-2018. Findings included a late submission of a State Controller Report for FY 2016/17 and internal inconsistencies within TDA policies, among others. The findings are related to instances in previous years and have already been remedied. Additionally, the findings do not have any monetary impact on the agency. The executive director has responded to, and agrees with, the auditor's findings and recommendations.

Both auditors have met with the fiscal committee to discuss the audit as well as findings and recommendations. Staff is in the process of updating SRTA's policies and procedures to satisfy the audit requirements.

ALTERNATIVES:

The board of directors may accept the audit report and recommendations with specific clarifications.

FINANCING:

Findings in the audit have no impact on agency finances.

Daniel S. Little, AICP, Executive Director

Attachment:
The Audited Financial Statements and Supplementary Information, and Triennial Performance Audit are available online at: https://www.srta.ca.gov/237/Fiscal-Reports