SHASTA REGIONAL TRANSPORTATION AGENCY

COMMUNICATION OF CONTROL DEFICIENCIES
JUNE 30, 2012

D. H. SCOTT & COMPANY
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A LIMITED LIABILITY PARTNERSHIP

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To the Board of Directors
Shasta Regional Transportation Agency
Redding, California

In planning and performing our audit of the financial statements of the Shasta Regional Transportation Agency (the Agency) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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This communication is intended solely for the information and use of management, the Shasta Regional Transportation Agency, Agency Board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

D. H. Scott & Company LLP

Redding, California
February 20, 2013

CURRENT YEAR
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012

CONTROL DEFICIENCIES

BOARD OVERSIGHT

Finding

Board members do not receive or review financial reports on a regular basis.

Recommendation

We recommend the Agency Board receive and review financial reports on a regular basis.

ORGANIZATION-WIDE BUDGET

Finding

The Agency develops the Overall Work Program as a budget, however, the Overall Work Program does not include all activities of the Agency.

Recommendation

The Agency should create and implement policies and procedures for the development of an organization-wide budget.

GRANT AND CONTRACT DOCUMENTATION

Finding

The Agency did not have complete grant and contract documentation.

Recommendation

We recommend the Agency Board develop and implement policies and procedures for grant monitoring.