

**Los Angeles County Metropolitan Transportation Authority
Presentation to the Executive Management and Audit Committee
March 14, 2012**

Our Engagement Team

- Chris Ray, Partner
- Bhakti Patel, Senior Manager
- Dee Dee Owens, Senior Manager (IT)

Financial Statement Audits

- LACMTA's Basic Financial Statements
- Ancillary Audit Reports Issued :
 - Service Authority for Freeway Emergencies (SAFE)
 - State Transit Assistance (STA)

Other Reports Issued

- 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*
 - No significant deficiencies in internal controls over financial reporting:
 - No material weaknesses in internal controls were noted
 - No noncompliance or other matters that are required to be reported under *Government Auditing Standards*

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Other Reports Issued (Continued)

- Independent Auditors' Report of Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
 - Major programs:
 - Federal Transit Cluster: Capital Investment Grants (CFDA No. 20.500) and Formula Grants (CFDA No. 20.507)
 - Finding 2011-01: Davis-Bacon Act: Submission of Certified Payroll
 - Finding 2011-02: Procurement, Suspension and Debarment
 - Finding 2011-04: Reporting – Semiannual Disadvantaged Business Enterprises Reporting
 - Highway Planning and Construction (CFDA No. 20.205)
 - Finding 2011-01: Davis-Bacon Act: Submission of Certified Payroll
 - Finding 2011-02: Procurement, Suspension and Debarment
 - Finding 2011-03: Reporting – Monthly Payroll Reports
- National Transit Database Agreed Upon Procedure Report – Transportation Operating Agency (ID#9154)
 - Covers the following LACMTA modes of transportation:
 - Motor Bus (Directly Operated)
 - Motor Bus (Purchased Transportation)
 - Heavy Rail (Directly Operated)
 - Light Rail (Directly Operated)
 - Vanpool (Purchased Transportation)
 - Certain exceptions were noted in Attachment I to the letter (exceptions noted were subsequently corrected by LACMTA)

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Other Reports Issued (Continued)

- National Transit Database Agreed Upon Procedure Report – LA County Small Operators (ID#9166)
 - Covered 48 jurisdictions
 - Covers the following LACMTA modes of transportation:
 - Motor Bus (Purchased Transportation)
 - Demand Response (Purchased Transportation)
 - Demand Response Taxi (Purchased Transportation)
 - Certain exceptions were noted in Attachment I to the letter (most exceptions noted were subsequently corrected by respective jurisdiction)

- 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 - Transportation Development Act Operating Agency

- 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 - Transportation Development Act & Prop 1B (Public Transportation) Modernization Improvement and Service Enhancement (PTMISEA) Planning Agency

- Management Letter - control deficiencies identified
 - #11-01: Financial Reporting – Timely Capitalization of Construction in Progress
 - #11-02: Information Technology – Periodic Access Review and Removal of Terminated Users
 - #11-03: Information Technology – Migration Access (MTA205 HR2000/Program Folder)
 - #11-04: Information Technology – Migration Access (MTA22 Inetpub\wwwroot\sqlservice folder)

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Required Communications (SAS No. 115)

- Our responsibilities under Generally Accepted Auditing Standards;
- Significant findings from the audit.
- Other matter required to be communicated:
 - Significant Accounting Policies, Unusual Transactions, and Qualitative Aspects of Accounting Practices
 - Management Judgments and Accounting Estimates
 - Significant Audit Adjustments
 - Uncorrected Misstatements
 - Disagreements with Management
 - Difficulties with Management
 - Management's Consultation with Other Accountants
 - Significant Issues Discussed, or Subject to Correspondence, with Management
 - Major Issues Discussed with Management Prior to Retention
 - Material Written Communications
 - Independence