

## **Auditor Statements**

The NTD requires that an independent auditor review certain reporter types and provide an Independent Auditor Statement (IAS). An IAS is a letter that an official representative from an independent public account or other independent entity (such as a state audit agency) signs.

The independent auditor must confirm that the transit agency data conforms to NTD requirements. If an auditor finds an issue, the auditor must explain the discrepancy in the IAS. Auditors must identify the auditing firm name, the location of the office, and to sign and date the IAS.

There are two Independent Auditor Statements:

- Independent Auditor Statement for Financial Data (IAS-FD)
- Independent Auditor Statement for Federal Funding Allocation Data (IAS-FFA)

### **Independent Auditor Statement for Financial Data**

All Full Reporter and Separate Service transit agencies must file an initial IAS-FD. For this statement, the auditor must determine if the transit agency accounting system meets FTA requirements. The NTD does not allow agencies to use an audit from the OMB Circular A-133 Single Audit Act.

The NTD refers to business papers, records and reports, and the procedures that an agency uses in recording transactions and reporting their effects as the “accounting system.” The term “accounting system” does not refer to the hardware or software program transit agencies use. Therefore, the accounting system remains the same, even when hardware or software upgrades or changes.

If a transit agency has met the IAS requirements in the prior year and has not changed its accounting system, FTA waives the annual IAS-FD. Instead, FTA requires the CEO to certify annually that the agency’s financial data continue to meet NTD requirements. However, FTA may require a new review if a transit agency substantially changes its financial data reporting method.

A transit agency must provide an IAS-FD to the NTD in the first year it reports as a Full Reporter. The transit agency must file the Annual Report on time even if the IAS-FD is incomplete. If extenuating circumstances cause a delay of the IAS-FD, the CEO must provide documentation explaining the late auditor review. The transit agency must complete the IAS-FD no later than the date of the last report revision. The NTD may issue a Failure to Report finding if a transit agency does not submit an IAS-FD when required.

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### ***Independent Auditor Requirements***

For the IAS-FD, the auditor must review all financial forms to ensure that:

- The transit agency's accounting system follows the Uniform System of Accounts;
- The transit agency's accounting system follows accrual accounting or uses a directly-translatable method; and
- All financial data are in accordance with NTD requirements.

The auditor must state in the IAS-FD if he or she finds that any data do not conform to NTD requirements and describe the discrepancies.

### ***FTA Approval***

FTA will approve the IAS-FD if the agency complies with one of the following conditions:

- The transit agency adopts the USOA; or
- The transit agency
  - Uses an internal accounting system other than the accounting system prescribed by the USOA;
  - Uses the accrual method of accounting or a directly-translatable method; and
  - Directly translates the system and accounting categories, using a clear audit trail, to the accounting treatment and categories the USOA specifies.

### ***IAS-FD Template***

FTA provides a template of the Independent Auditor Statement for Financial Data in Appendix A. The NTD does not require agencies to use the exact format set forth in Appendix A; however, the independent auditor must address each item that the NTD outlines in the template. If the auditor follows the provided template closely, the statement will meet NTD requirements.

### **Independent Auditor Statement for Federal Funding Allocation Data**

Transit agencies that serve a primary large UZA (an urbanized area with 200,000 or more in population) and report more than 100 vehicles operated in annual maximum service (VOMS) across all modes and types of service must provide an annual IAS-FFA. For this statement, an independent auditor must review all NTD data that FTA uses to apportion

funds for §5307, §5337, §5339, and §5311 formula programs. The NTD requires the IAS-FFA annually.

A transit agency must provide an IAS-FFA the first year it reaches the 100 VOMS threshold. Transit agencies must complete the IAS-FFA before FTA closes the Annual Report. FTA may issue a Failure to Report finding if a transit agency does not submit an IAS-FFA. Transit agencies must keep IAS-FFA statements on file for FTA Triennial Review.

If a transit agency revises Federal funding data during the validation process, the agency must document that both the CEO and independent auditor concur with the revisions. Additionally, the transit agency must retain a copy of the revisions. As long as the CEO and independent auditor concur with the revisions, the NTD does not require an additional IAS-FFA.

### ***Independent Auditor Requirements***

The independent auditor must review Federal funding data by mode and type of service. Federal funding data include fixed guideway and high intensity busway directional route miles, vehicle revenue miles, vehicle revenue hours, passenger miles traveled, unlinked passenger trips, operating expenses, and the commencement date of revenue service.

The independent auditor must include the following:

- Assurance that a system exists to record and gather data on a continuing basis;
- Assurance the transit agency maintains the system for recording data in accordance with NTD definitions, i.e. the transit agency is measuring the correct data and has no systematic errors;
- Assurance that source documents are available to support the reported data and the transit agency maintains the system for FTA review and audit purposes for a minimum of three years following FTA's receipt of the NTD Annual Report. The data must be fully documented and securely stored;
- Assurance that there is a system of internal controls to ensure the accuracy of the data collection process and the recording system and that reported documents are unaltered;
- Assurance that a supervisor reviews and signs documents as required;
- Assurance that the data collection methods are those that FTA suggests; or, FTA or a qualified statistician approved the methods as being equivalent in quality and precision. Transit agencies must document and follow the collection methods;

- Assurance that deadhead miles, computed by taking the difference between the reported total actual vehicle miles data and the reported total actual VRM data, are accurate;
- Documentation that reported data have undergone analytic review to ensure that they are consistent with prior reporting periods and other facts known about transit agency operations;
- Documentation of the specific documents reviewed and tests performed; and
- Documentation of how the transit agency reports purchased transportation fare revenues and contract expenditures. For example, fare revenues must include all fare revenues pertaining to PT service, and the agency reports the buyer's contract expenditures net of (not including) the PT fare revenues.

### *IAS-FFA Template*

FTA provides a template of the IAS-FFA in Appendix A. The NTD does not require agencies to use this suggested format; however, the independent auditor must address each item the NTD outlines in the template.

### *Suggested Procedures*

FTA provides a suggested list of procedures to satisfy the requirements of the IAS-FFA review. If an auditor does not use one of the suggested procedures, he or she must replace it with an alternative procedure that addresses the intent of the suggested procedure.

#### **Exhibit 68: Federal Funding Allocation Data Review Suggested Procedures**

FTA has specified and agreed to a set of procedures for the independent auditor to perform to satisfy the requirements of the Federal Funding Allocation data review. Several of the procedures below require the auditor to select a random sample of documents or data. The procedures do not specify the selected number (i.e., the percentage of the total documents/data). The auditor should use professional judgment to determine the percentage that will enable the auditor to make the required assurances.

The source documents and other records (such as data summaries) may be in the form of digital data files. The auditor should ensure that these files are securely stored and that a contingency plan is in place to ensure that the transit agency retains source documents for a minimum of three years.

- a. The procedures to be applied to each applicable mode and type of service (TOS) (directly-operated (DO) and purchased transportation (PT)) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2017 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.
- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
  - The extent to which the transit agency followed the procedures on a continuous basis, and
  - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2017 Policy Manual.
- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.
- d. Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.
- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.
- f. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.
- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.
- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2017 Policy Manual.

- i. Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
  - According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
  - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
  - Service purchased from a seller is included in the transit agency's NTD report.
  - For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and  $\pm 10$  percent precision requirements.
  - Determine how the transit agency estimated annual PMT for the current report year.
- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.
- k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.
- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

- m. For actual vehicle revenue mile (VRM) data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.
  - If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.
  - If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.
- n. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.
- o. If fixed guideway or High Intensity Busway directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet FTA definition of fixed guideway (FG) or High Intensity Busway (HIB) in that the service is:
- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR); or
  - Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW); and
    - Access is restricted;
    - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway;
    - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation; and
    - High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. The transit agency has provided the NTD a copy of the State's certification to the U.S. Secretary of Transportation stating that it has established a program for monitoring, assessing, and reporting on the operation of the HOV facility with HO/T lanes.
- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that the he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
  - If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.
- r. Measure FG/HIB DRM from maps or by retracing route.
- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.
- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2017 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2017 report year, the Agency Revenue Service Date must occur within the transit agency's 2017 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.
- u. Compare operating expenses with audited financial data after reconciling items are removed.
- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.
- w. If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement for the PT data.
- x. If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.
- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.
- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by FTA.

## Requests

Transit agencies may experience changes and events during a report year that affect the Annual Report. In these cases, agencies may file a request. Requests can include:

- Fiscal Year End Change Requests,
- Extension Requests,
- Fixed Guideway and HIB Requests, or
- Special Requests, for either
- Strikes, or
- Natural Disaster Hold Harmless Adjustment

### Fiscal Year End Change Requests

Agencies must notify NTD of changes to their Fiscal Year. FTA will determine the period to be covered by the report, which will typically be a 12-month period ending on the new Fiscal Year end date.

### Extension Requests

Transit agencies may request a 30-day extension of the annual report deadline (e.g., extend the annual report deadline of October 31 to November 30). Typically, the NTD approves extension requests due to extenuating circumstances, such as:

- Natural Disasters,
- Audits, and
- Medical Leave

Transit agencies must request an extension through the NTD system prior to the annual report due date. FTA does not automatically grant extension requests.

FTA does not grant extensions due to time constraints or unawareness of reporting requirements.

### Fixed Guideway and High Intensity Busway Requests

Transit agencies may change routes and expand or reduce service. For agencies that report service on fixed guideway or high intensity busway, changes may have a large effect on segment data. Transit agencies may request to modify, add, or delete segments.

Transit agencies must request fixed guideway changes or additions (and submit any necessary supporting documentation) at least 60 days prior to the Annual Report due date. FTA approves changes on a case-by-case basis and does not automatically approve a request.

### ***Modifying Existing Segment Data***

The NTD saves and populates segment data every year on a transit agency's behalf. If a transit agency identifies a change to reflect data that more accurate, the NTD may alter the existing segment. FTA considers segment changes on a case-by-case basis.

In the request, agencies must:

- Identify the segment by that segment code and name; and
- Describe the requested changes. This description must provide the existing and requested values for each change in a data field.

In its request, a transit agency must describe the reason for each change. In many cases, agencies request a segment modification because of a change in service. However, some transit agencies may identify a correction based on inaccurate data. If an agency requests a change because of a correction, the agency must provide detailed support for the correction and an explanation for why it submitted incorrect data in the prior year's report.

If an agency requests to change the length of a segment, it must attach detailed maps depicting the exact measurement.

Transit agencies may adjust the following information without prior NTD approval:

- One-way/Two-way — this is a service characteristic of how transit services operate over the segment, either one-way or two-way operations. This generally does not change.
- Out of Revenue Service Date — this is the date that a transit agency stops operating transit service on a segment. An agency should only report this information if it discontinues service; agencies should not include temporary reconstructions. Instead, transit agencies must document any temporary segment closures.

The following adjustments require FTA approval:

- Urbanized area change — the NTD uses the most current U.S. Census to create UZAs in the NTD system. Boundaries should not change unless the U.S. Bureau

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of the Census changes them. Therefore, segments should not change UZA location.

- Segment Name — the name of the segment using conventional standards that makes the segment readily identifiable. Segment names do not usually change.
- Begins At and Ends At — the beginning and ending points of the segment. Beginning and ending points do not change. If an agency discontinues service on a portion of the segment or extends the segment, it should add new segments (See discussion below).
- Length — the physical length of the segment reported to the nearest hundredth of a mile. Length should not change unless the segment was incorrectly measured or in the wrong location (UZA) in the prior report year.
- Segment Type (Bus (MB) and Commuter Bus (CB) and BRT (RB) only) — there are six categories describing the physical construction of the segment. This should not change unless an agency reconstructed the segment and its category has changed or the segment allows high occupancy/toll (HO/T) lane operation.
- Peak Level of Service (LOS) (CB, MB, RB only) — peak level of service (LOS) is periodically updated by state and local highway agencies. Agencies should check for updates to LOS information.
- Safe Operation (CB, MB, RB only) — this usually does not change, but agencies should review periodically.
- Hours Prohibited (CB, MB, RB and trolleybus (TB) only) — this usually does not change, but agencies should review periodically.
- Enforcement Hours (CB, MB, RB only) — this usually does not change, but agencies should review periodically.
- Original Date of Revenue Service — the date that public transit service was first operated on the segment by any transit agency. This date should not change.
- Agency Revenue Service Start Date — the date that a transit agency started operating revenue service. This date should not change.
- Out of Revenue Service Date — if a transit agency stopped operating transit service on the segment during the year, the agency should report the date that the agency no longer operated service (i.e., the day after the last date of revenue service). Other transit agencies may continue to operate on this segment.
- Months Operated — the number of months during the year that a transit agency operated on the segment. Unless a transit agency began or ended service on the segment during the year, this should be 12 months.

- TOS Claimed — this only applies if a transit agency operated both DO and PT services for the same mode on the same segment in the NTD Annual Report. If an agency adds a segment to both TOS, the agency must identify the segment on both Annual Reports on the fixed guideway form as either PT or DO. If, during a prior year NTD Annual Report, an agency operated both PT and DO and operated only one TOS in the current year, the agency may need to correct the TOS claimed.
- NTD Agency Claiming Segment — this usually does not change unless agreed to by all the transit agencies operating service over the segment.
- Statutory BRT.
- Shoulder Lane (CB, MB, RB only) – identifies whether or not the segment is a shoulder lane.

### ***Adding Pre-Existing and New Segment Data***

Agencies may add segments to the Annual Report that either are new to the NTD or exist in another agency's report. If a transit agency uses a segment that already exists in the NTD, the agency should request to add that segment to its Annual Report. However, if the agency only operates on a portion of the segment or if it is a new segment to the NTD, the transit agency must submit an official request to add the segment.

When requesting new segments, transit agencies must provide details that support documentation such as:

- Maps (preferably engineering diagrams), which clearly identify each:
- Segment beginning and ending point, mile post markings preferred, and
- Segment length to the nearest hundredth of a mile, and other supporting documentation of the measurement
- Proof of when the segment went into revenue service so that the NTD can verify the agency revenue service start (a newspaper article or press release), and
- A schedule showing transit service on the segment

For apportionment purposes, FTA bases the 7-year age requirement for FG and HIB segments on the first report year that any transit agency reports the segment to the NTD. An agency must report the segment to the NTD for seven continuous report years before it meets the 7-year age requirement for the State of Good Repair program.

***Deleting Segment Data***

Transit agencies must contact the NTD for FTA approval to delete segments. However, if a transit agency no longer operates service on a certain segment that is on the Annual Report, the agency should report an Out of Revenue Service Date. This indicates that the transit agency terminated service on this segment for a particular mode and type of service. If a transit agency ends service on a segment on the last day of its fiscal year, it must report the Out of Revenue Service Date as the first day of the following fiscal year.

***Special Requests***

FTA may make hold harmless adjustments to data in the apportionment to offset negative events (described below) that affected a transit agency's data during the year. Hold harmless adjustments are not automatic; a transit agency must make a request to receive any assistance through an adjustment.

If FTA approves a hold harmless adjustment request, a transit agency must still file the Annual Report and report actual data for the year. FTA would make the hold harmless adjustment by adjusting the data for apportionment purposes only. All publicly available NTD data would reflect the actual service data, as reported by the transit agency for the year.

***Strikes***

During the year, a transit agency may experience a strike that prohibits or negatively affects transit service. In this case, the CEO of the transit agency may make a request to FTA that identifies:

- The mode or modes affected
- The exact time and date that the strike began
- The exact time and date that the strike ended, and
- Supporting documentation (e.g., published news reports) for the duration of the strike

***Natural Disaster Hold Harmless Adjustment***

If a transit agency suffers a significant decrease in transit service due to a natural or manufactured disaster, the agency or the designated recipient for the urbanized area may make a hold harmless request.

The request must demonstrate that the transit agency meets all of the following criteria:

- A Federal disaster declaration is in place for at least a portion of the agency's service area for all or part of the report year;
- The decrease in transit service is a direct result of the disaster; and
- The decrease in transit service is temporary; thus, the reduced transit service levels are not reflective of the true transit needs of the area.

Disaster Hold Harmless Adjustments are not automatic. FTA grants these requests at its discretion and for one year only. If such an adjustment were granted, FTA would apportion funds based on the agency's prior report year Annual Report.

# APPENDIX A — AUDIT TEMPLATES

## Independent Auditor Statement for Financial Data

### Exhibit 69: Independent Auditor Statement for Financial Data

**Instruction:** The IAS-FD file copy should be on the independent auditor's letterhead and should be kept on file by the transit agency

The Board of Trustees

Transit Agency Name

In connection with our regular examination of the financial statements of **[agency name]**, for the fiscal year ended **[date]**, on which we have reported separately under **[date of auditor's statement]**, we have also reviewed the reporting forms listed below and included in the report for the fiscal year ended **[date]**, required under Title 49 U.S.C. 5335(a), for conformity in all material respects with the requirements of the Federal Transit Administration (FTA) as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA). Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not make a detailed examination such as would be required to determine that each transaction has been recorded in accordance with the USOA.

*[Select one of the following two paragraphs for inclusion in your Statement]:*

The accounting system from which this NTD report is derived follows the accounting system prescribed by the USOA. The same accounting system has been adopted and was used to compile this NTD report.

or

The accounting system from which this NTD report is derived is other than the accounting system prescribed by the USOA, but uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA. The same internal accounting system has been adopted and was used to compile this NTD report.

*[Submit a list of the specific financial forms on which audited data is reported]:*

- Sources of Funds — Funds Earned and Funds Expended form
- Uses of Capital form
- Operating Expenses forms

Based on our review, the accompanying reporting forms identified above conform in all material respects with the accounting requirements of FTA as set forth in its USOA.

Signed: Date:

Title:

City:

## Independent Auditor Statement for Federal Funding Allocation Data

### Exhibit 70: Independent Auditor Statement for Federal Funding Allocation Data

**Instruction:** The IAS-FFA file copy should be on the independent auditor's letterhead and should be kept on file by the transit agency

FTA has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics form of the transit agency's annual National Transit Database (NTD) report:

A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.

A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.

Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.

A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.

The data collection methods are those suggested by FTA or otherwise meet FTA requirements.

The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual VRM data, appear to be accurate.

Data are consistent with prior reporting periods and other facts known about transit agency operations.

We have applied the procedures to the data contained in the accompanying FFA-10 form for the fiscal year ending **[date]**. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2016 Policy Manual and were agreed to by the transit agency, were applied to assist you in evaluating whether the transit agency complied with the standards described in the first paragraph of this part and that the information included in the NTD report Federal Funding Allocation Statistics form for the fiscal year ending **[date]** is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2016 Policy Manual. Additional procedures performed (if any), which are agreed to by the transit agency but not by FTA, are described in a separate attachment to this report. This report is intended solely for your information and for FTA and should not be used by those who did not participate in determining the procedures. The procedures were applied separately to each of the information systems used to develop the reported actual VRM, FG DRM, PMT, and OE of **[transit agency name]** for the fiscal year ending **[date]** for each of the following modes:

*[List each mode by type of service (TOS) (directly operated (DO) or purchased transportation (PT)).]*

The following information and findings came to our attention as a result of performing the procedures described in the attachments to this report:

*[Itemize all information and findings. If none, so state.]*

In performing the procedures, except for the information and findings described above, the information included in the NTD report on the Federal Funding Allocation Statistics form for the fiscal year ending **[date]** is presented fairly, in all material respects, with the requirements of the USOA and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2016 Policy Manual.