



Audit Committee Meeting Agenda Monday, June 8, 2020 1:00 p.m.

Due to the statewide stay at home order and the Alameda County Shelter in Place Order, and pursuant to the Executive Order issued by Governor Gavin Newsom (Executive Order N-29-20), the Commission will not be convening at its Commission Room but will instead move to a remote meeting.

Members of the public wishing to submit a public comment may do so by emailing the Clerk of the Commission at vlee@alamedactc.org by 5:00 p.m. the day before the scheduled meeting. Submitted comments will be read aloud to the Commission and those listening telephonically or electronically; if the comments are more than three minutes in length the comments will be summarized. Members of the public may also make comments during the meeting by using Zoom's "Raise Hand" feature on their phone, tablet or other device during the relevant agenda item, and waiting to be recognized by the Chair. If calling into the meeting from a telephone, you can use "Star (*) 9" to raise/ lower your hand. Comments will generally be limited to three minutes in length.

Commissioners	Pauline Cutter, John Bauters, Luis Freitas	Executive Director:	Tess Lengyel
		Staff Liaison:	Patricia Reavey
		Clerk of the Commission:	Vanessa Lee

Location Information:

Virtual Meeting Information: <https://zoom.us/j/99213579078?pwd=WTBBRTIHNTk0YkIEV3VsRndoNmtCQT09>
Webinar ID: 992 1357 9078
Password: 103534

For Public Access Dial-in Information: (669) 900-6833
Webinar ID: 992 1357 9078
Password: 103534

To request accommodation or assistance to participate in this meeting, please contact Vanessa Lee, the Clerk of the Commission, at least 48 hours prior to the meeting date at: vlee@alamedactc.org

1. Call to Order	
2. Roll Call	
3. Public Comment	
4. Regular Matters	Page/Action

5. Committee Member Reports

6. Staff Reports

7. Adjournment

Next Meeting: October 22, 2020

Notes:

- All items on the agenda are subject to action and/or change by the Commission.
- To comment on an item not on the agenda (3-minute limit), submit a speaker card to the clerk.
- Call 510.208.7450 (Voice) or 1.800.855.7100 (TTY) five days in advance to request a sign-language interpreter.
- If information is needed in another language, contact 510.208.7400. Hard copies available only by request.
- Call 510.208.7400 48 hours in advance to request accommodation or assistance at this meeting.
- Meeting agendas and staff reports are available on the [website calendar](#).
- Alameda CTC is located near 12th St. Oakland City Center BART station and AC Transit bus lines. [Directions and parking information](#) are available online.



Alameda CTC Schedule of Upcoming Meetings June through July 2020

Commission Chair

Mayor Pauline Russo Cutter
City of San Leandro

Commission Vice Chair

Councilmember John Bauters
City of Emeryville

AC Transit

Board Vice President Elsa Ortiz

Alameda County

Supervisor Scott Haggerty, District 1
Supervisor Richard Valle, District 2
Supervisor Wilma Chan, District 3
Supervisor Nate Miley, District 4
Supervisor Keith Carson, District 5

BART

Director Rebecca Saltzman

City of Alameda

Mayor Marilyn Ezy Ashcraft

City of Albany

Mayor Nick Pilch

City of Berkeley

Mayor Jesse Arreguin

City of Dublin

Mayor David Haubert

City of Fremont

Mayor Lily Mei

City of Hayward

Mayor Barbara Halliday

City of Livermore

Mayor John Marchand

City of Newark

Councilmember Luis Freitas

City of Oakland

Councilmember At-Large
Rebecca Kaplan
Councilmember Sheng Thao

City of Piedmont

Mayor Robert McBain

City of Pleasanton

Mayor Jerry Thorne

City of Union City

Mayor Carol Dutra-Vemaci

Executive Director

Tess Lengyel

Commission and Committee Meetings

Time	Description	Date
2:00 p.m.	Alameda CTC Commission Meeting	June 25, 2020 July 23, 2020
9:00 a.m.	I-680 Sunol Smart Carpool Lane JPA (I-680)	July 13, 2020
9:30 a.m.	Multi-Modal Committee (MMC)	
10:30 a.m.	Programs and Projects Committee (PPC)	
11:30 a.m.	Planning, Policy and Legislation Committee (PPLC)	

Advisory Committee Meetings

1:30 p.m.	Paratransit Advisory Committee	June 29, 2020
1:30 p.m.	Alameda County Technical Advisory Committee (ACTAC)	July 9, 2020
5:30 p.m.	Independent Watchdog Committee (IWC)	July 13, 2020

All meetings are held at Alameda CTC offices located at 1111 Broadway, Suite 800, Oakland, CA 94607. Meeting materials, directions and parking information are all available on the [Alameda CTC website](http://www.alamedactc.org). Meetings subject to change.

This page intentionally left blank

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
AUDIT PLANNING MEETING AGENDA
For The Year Ended June 30, 2020**

Date of Meeting: June 8, 2020 at 1:00pm PST

Form of communication: Meeting with the Audit Committee

Purpose of meeting: Cover discussions related to fraud considerations as required by Statement of Auditing Standards (SAS) Statement 99 and 114.

The main purpose of this discussion is to open up two-way communication between the auditors and Audit Committee.

SAS 114 – Audit Timing, Scope and Management Representation

Audit Timing

Interim phase fieldwork is scheduled for the week of June 8, 2020 and final phase fieldwork is scheduled for the weeks of August 31, 2020 and September 7, 2020. The finalized drafts are scheduled to be presented at the October 22, 2020 Audit Committee Meeting, the November 9, 2020 Finance and Administration Committee Meeting and the December 3, 2020 Alameda CTC Commission Meeting.

Audit Scope

In terms of audit scope, we begin with

- Performing a risk assessment brainstorming of Alameda CTC
- Then create an audit plan tailored to Alameda CTC and sector
- We review and document our understanding of Alameda CTC's internal controls and segregation of duties. Here we have a focused attention to conflict of duties – employees with access to assets and related records used to control and account for those assets, and we test mitigating controls.
- We determine the most effective way to test significant audit areas and balances, usually by
 - Testing controls over key transactions cycles via sampling (such as disbursements, payroll and journal entries)
 - Testing information system application controls
 - Sending 3rd party confirmations when they can be effective
 - Testing accruals at year end
 - Analytical Review
 - Projections and forecasts
 - Testing bank reconciliations
 - Capital asset transactions
 - Long-term debt
 - Reviewing actuarial studies utilized for Retirement Plans and OPEB

- Perform compliance tests
 - Certain Government code provisions applicable to cash and investments
 - Local policy compliance, typically:
 - Investment
 - Purchasing
 - Grants (Single Audits)

- Financial Statement preparation assistance
 - Staff has requested that we provide assistance with the preparation of financial statements and disclosures.
 - We are satisfied staff have the capability to perform this task themselves.

Management Representations

We will request representations from management that data and assertions provided are complete and accurate. We rely primarily on our audit verification tests and procedures, however, management assertions and judgments unavoidably affect financial data.

SAS 99 – Fraud Consideration

Fraud Considerations: Statement of Audit Standard (SAS) #99, *Consideration of Fraud in a Financial Statement Audit*. This Standard came out of the fall out of Enron/ WorldCom and other private sector frauds.

1. “Fraud” is defined as an intentional act that results in a *material misstatement in financial statements* that are subject to audit. In this case, fraud includes two concepts:
 - a. Fraudulent financial reporting:
 - i. Misstatement including misapplication of accounting principles, omission of data or disclosures, fictitious transactions or sham transactions
 - ii. Concealment
 - b. Misappropriations of assets:
 - i. Theft
 - ii. Concealment
 - iii. Conversion
2. SAS 99 requires an inquiry of client
 - a. Client officials to include:
 - i. Audit Committee Members
 - ii. Finance Staff
 - iii. Others outside Finance (optional)
 - b. Areas to be discussed:
 - i. Is management aware of known instances of fraud?
 - ii. Are there areas you believe are “Susceptible to Fraud”?
 - iii. Any known related party transactions?
 - iv. Do you feel all Alameda CTC employees are honest and have integrity?
 - c. Areas automatically deemed susceptible to fraud:
 - i. Improper revenue recognition
 - ii. Management override of Internal Control
3. SAS 99 also requires that we address our client’s “Fraud Risk Assessment and Monitoring Programs” (AKA internal controls plus)
 - a. Prevention techniques
 - b. Deterrence techniques
 - c. Detection techniques

If you have any questions, please feel free to reach out to me.

David Alvey, CPA
Audit Partner
davida@mazeassociates.com
925-930-0902 Ext. 227



"We are in the business to help our clients succeed"

This page intentionally left blank