



Audit Committee Meeting Agenda Monday, June 14, 2021 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, or as specified by the Chair.

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/92644000733?pwd=RXkwSU1KTys5dVR3WVVoOXRlK0FHQT09>

Webinar ID: 926 4400 0733

Password: 795371

For Public Access

(669) 900-6833

Dial-in

Webinar ID: 926 4400 0733

Information:

Password: 795371

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
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4.1. Audit Planning Communications	1
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5. Committee Member Reports

6. Staff Reports

7. Adjournment

Next Meeting: October 28, 2021

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 2021

Commission Chair
Mayor Pauline Russo Cutter
City of San Leandro

Commission Vice Chair
Councilmember John Bauters
City of Emeryville

AC Transit
Board President Elsa Ortiz

Alameda County
Supervisor David Haubert, District 1
Supervisor Richard Valle, District 2
Supervisor Wilma Chan, District 3
Supervisor Nate Miley, District 4
Supervisor Keith Carson, District 5

BART
Vice President Rebecca Saltzman

City of Alameda
Mayor Marilyn Ezzy Ashcraft

City of Albany
Councilmember Rochelle Nason

City of Berkeley
Councilmember Lori Droste

City of Dublin
Mayor Melissa Hernandez

City of Fremont
Mayor Lily Mei

City of Hayward
Mayor Barbara Halliday

City of Livermore
Mayor Bob Woerner

City of Newark
Councilmember Luis Freitas

City of Oakland
Councilmember At-Large
Rebecca Kaplan
Councilmember Sheng Thao

City of Piedmont
Councilmember Jen Cavanaugh

City of Pleasanton
Mayor Karla Brown

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 24, 2021 July 22, 2021
9:00 a.m.	Multi-Modal Committee (MMC)	July 12, 2021
10:00 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 Planning and Advisory Committee	June 28, 2021
1:30 p.m.	Alameda County Technical Advisory Committee (ACTAC)	July 8, 2021
5:30 p.m.	Independent Watchdog Committee (IWC)	July 12, 2021
5:30 p.m.	Bicycle and Pedestrian Advisory Committee (BPAC)	July 15, 2021

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Meeting materials, directions and parking information are all available on the [Alameda CTC website](http://www.AlamedaCTC.org). Meetings subject to change.

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**ALAMEDA COUNTY TRANSPORTATION COMMISSION
AUDIT PLANNING MEETING AGENDA
For The Year Ended June 30, 2021**

Date of Meeting: June 14, 2021 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 21, 2021 and final phase fieldwork is scheduled for the weeks of August 30, 2021 and September 6, 2021. The finalized drafts are scheduled to be presented at the October 28, 2021 Audit Committee Meeting, the November 8, 2021 Finance and Administration Committee Meeting and the December 2, 2021 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.

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

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