

To: Administration and Finance Committee

Date: February 3, 2016

From: Erick Cheung
Director of Finance

Reviewed By:

SUBJECT: Independent Auditor's Report on National Transit Database Report Form FFA-10

SUMMARY OF ISSUES:

Annually our independent auditors, Brown Armstrong, CPA's, are required to review the data we report to FTA on Form FFA-10, which is included in the National Transit Database report (NTD). The form reports hours, miles, passengers, passenger miles and total operating expenses.

We normally file the report in October of each year and Brown Armstrong includes the attached review with the financial audit. In the previous year, FTA rolled out new software for preparing the NTD report which delayed review and approval until March 2015. FTA updated the software this year, which again caused delays, and CCCTA staff was not able to enter the data and provide it to Brown Armstrong for review until December.

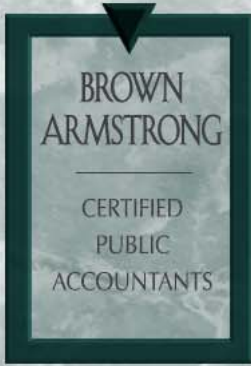
The NTD report is now filed and Brown Armstrong has been able to review the data and issue a report. The auditors are required to review 27 performance procedures required by the FTA. There was one exception noted by the auditors for a manual trip card for a route that was not tracked by County Connection's Ridecheck software. In a sample of 40 manual trip cards reviewed by Brown Armstrong, one trip card did not agree with the summary sheet due to human entry error. The summary sheet reflected 18 passengers were picked up on this route, while the trip card noted 16 passengers and the categorization of the passenger was different. The auditors noted the error in the report, but represented less than 3% of the audit sample and no additional testing was deemed necessary since there were no exceptions on the other 39 manual trip cards.

FINANCIAL IMPLICATIONS: None.

ACTION REQUESTED: Staff requests that the committee approve the report and forward to the Board.

ATTACHMENTS: Independent Accountant's Report on Applying Agreed-Upon Procedures

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NATIONAL TRANSIT DATABASE REPORTING
INDREPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FEDERAL TRANSIT AMINISTRATION
FOR THE YEAR ENDED
JUNE 30, 2015



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Audit and Finance Committee and
Board of Directors
Central Contra Costa Transit Authority
Concord, California

The Federal Transportation Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form (FFA - 10) of the Central Contra Costa Transit Authority's (the Authority) annual National Transit Database (NTD) report:

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data is being measured and no systematic errors exist.
2. A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following the FTA's receipt of the NTD report. The data is fully documented and securely stored.
4. 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.
5. The data collection methods are those suggested by the FTA or meet the FTA requirements.
6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, are accurate.
7. Data is to be consistent with prior reporting periods and other facts known about the Authority's operations.

We have performed the procedures to the FFA – 10 and are enumerated in Attachment A, which were specified by the FTA in the Declarations section of the *2014 NTD Policy Manual* and were agreed to by the Authority, solely to assist you with evaluating whether the Authority complied with the standards as described in the first paragraph of this report for the fiscal year ended June 30, 2015, and that the information is presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*; as specified in 49 Code of Federal Regulations (CFR) Part 630, *Federal Register*, January 15, 1993, and as presented in the *2014 NTD Policy Manual*.

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The Authority's management is responsible for the compliance with those standards. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Authority and the FTA and is not intended to be, and should not be, used by anyone other than those specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 30, 2015

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NATIONAL TRANSIT DATABASE REPORTING
ATTACHMENT A – AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2015**

The procedures described below, which are referenced in order to correspond to the *2014 National Transit Database (NTD) Policy Manual* procedures, were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles, passenger miles traveled, and operating expenses of the Central Contra Costa Transit Authority's (the Authority) for the year ended June 30, 2015, for the *Motor Bus Service – Directly Operated (MBDO)* and *Demand Response – Purchased Transportation (DRPT)*.

Our results and findings are as follows:

- A. 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 Code of Federal Regulations (CFR) Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2014 NTD Policy Manual*. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

Findings: We discussed procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2014 NTD Policy Manual* (most recent available) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data. No exceptions were noted as a result of applying this procedure.

- 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 *2014 NTD Policy Manual*.

Findings: We discussed with various personnel the procedures noted in Procedure "A" above to determine the Authority continuously follows the procedures on an ongoing basis and that the procedures result in the accumulation and reporting of data consistent with the NTD requirements and definitions as set forth in the *Uniform System of Accounts and Records and Reporting System; Final Rule*, and specified in the 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and the most recent *2014 NTD Policy Manual*. No exceptions were noted as a result of applying this procedure.

- 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 (FFA – 10).

Findings: We noted that the retention policy that is followed by the Authority regarding source documents supporting the FFA-10 data reported are retained for a minimum of three years by the Authority. In addition, we noted that the Authority maintains the computer files more than three years depending on the need of historical data. No exceptions were noted as a result of applying this procedure.

- D. Based on a description of the transit agency's procedures from Procedures "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.

Findings: We identified the source documents that are to be retained by the Authority for a minimum of three years. We randomly selected three months out of the fiscal year ended June 30, 2015, July 2014, October 2014, and March 2015, and verified that each type of source document existed for each of these periods. No exceptions were noted as a result of applying this procedure.

- 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.

Findings: We discussed the system of internal control with personnel responsible for supervising and maintaining the NTD data. We determined that individuals preparing source documents were independent of individuals posting data summaries, reviewing the source documents and summarizing data for completeness, accuracy, and reasonableness. No exceptions were noted as a result of applying this procedure.

- 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.

Findings: Based on our inquiry with personnel and review of documentation, we noted that there are no physical signatures documenting the supervisors' review and approval of the source documents. However, the software they utilize automatically accumulates the data from the Clever Devices Automatic Passenger Counter on each vehicle. Monthly reports are prepared for the board and are reviewed by management electronically, as allowed by the *2014 NTD Policy Manual*. Approval is given authorizing the posting of the monthly data to NTD. Therefore, no exceptions were noted as a result of applying this procedure.

- 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.

Findings: We obtained from the Authority's year-end cumulative reports that are used to prepare the FFA-10. We compared the prior year data to the current year data and investigated any changes over 10%. We also compared from the source documents to the year-end cumulative report (Form S-10). We also recalculated summarizations of supporting documentation which was tested in (D) above. No exceptions were noted as a result of applying this procedure.

- 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 *2014 NTD Policy Manual*.

Findings: During fiscal year 2015, the Authority used the procedure of an estimate of passenger miles traveled (PMT) based on statistical sampling, meeting FTA's 95% confidence and $\pm 10\%$ precision requirements based on a qualified statistician's determined procedure. No exceptions were noted as a result of applying this procedure.

- 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 urbanized area (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 (2014) and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements.
- Determine how the transit agency estimated annual PMT for the current report year.

Findings: We discussed with the Authority personnel their eligibility to conduct statistical sampling for PMT data every third year and noted that the Authority is eligible to use this method. The Authority qualified for sampling every three years because the Authority directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service. The most recent sampling procedures were performed for the fiscal year ended June 30, 2015, and were conducted meeting the 95% confidence and +10% precision requirements. No exceptions were noted as a result of applying this procedure.

The Authority had a statistician determine that using their Ridecheck software met the sampling requirements. The Ridecheck software uses a 100% sampling method. Therefore, all the Authority does is calibrate the software with surveys, then uses 100% of the passengers and trips. The Chief Service Scheduler is doing surveys now using the camera systems. No exceptions were noted as a result of applying this procedure.

- 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.

Findings: We obtained a description of the sampling procedure for estimation of PMT data used by the Authority. We obtained a copy of the Authority's working papers and methodology used to select the actual sample of runs for recording PMT data. We determined that the Authority followed the stated sampling procedure. No exceptions were noted as a result of applying this 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 accumulation periods that were tested. Test the arithmetical accuracy of the summary.

Findings: In fiscal year 2015, the most recent sampling year, we randomly selected three months, July 2014, October 2014, and March 2015. We obtained the source documents for accumulating PMT data, determined they were complete, and recomputed the accumulation periods without exception. In addition, we tested a sample of manual routes that are not traced by the Ridecheck software. We randomly selected trip cards for the months July 2014, October 2014, and March 2015. During our testing, we noted that the data entered on one of the trip cards was incorrectly entered into the summary report that follows into the matrix. Per review of the summary sheet, the summary shows a total count of 18; per review of the trip card completed by the bus driver, we noted that only 16 passengers were picked up on that route. Additionally, the summary report contained the incorrect categorization of the riders compared to the trip card. The Authority staff noted that it was due to human error.

- 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.

Findings: Discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of vehicle revenue miles with the Authority staff and determined that stated procedures were not applicable as the Authority does not provide a charter or school bus service.

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.

Findings: We discussed with personnel the procedures for the collection and recording of vehicle revenue mile data for MBDO and noted that vehicle revenue miles are calculated upon inception of the route based on the distance between the first stop and last stop, including deadhead miles. We noted that the scheduled deadhead miles are systematically excluded to calculate vehicle revenue miles. Furthermore, daily trip sheets are used to subtract missed trips and unscheduled deadhead miles. We also discussed the accumulation of vehicle revenue miles for DRPT. We noted that vehicle revenue miles for DRPT are accumulated and reported by the respective contractors through trip sheets and monthly ridership worksheets by route. These schedules are submitted by the contractors and are reviewed for clerical accuracy by Authority personnel. We recalculated the vehicle revenue miles and agreed the total vehicle revenue miles to the Authority's Month-End Ridership Summary report. No exceptions were noted as a result of applying this procedure.

N. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

Findings: We inquired of personnel the procedures in which the Authority accumulates actual revenue miles for rail modes. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

O. If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:

- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR); or
- Bus (Mode: Bus (MB), Commuter Bus (CB), or Bus Rapid Transit (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 Federal Highway Administration (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.

Findings: We inquired of personnel the procedures in which the Authority reports vehicle revenue miles, passenger miles, and operating expenses for fixed guideways segments. We noted that the Authority does not provide such services. Therefore, this procedure was not applicable.

- 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 the 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.

Findings: We inquired of personnel the procedures in which the Authority measures fixed guideway direction route miles. We noted that the Authority does not provide such services. Therefore, this procedure was not applicable.

- 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. The FTA will make a determination on how to report the DRMs.

Findings: We inquired of personnel the procedures in which the Authority measures fixed guideway directional route miles through the use of maps or retracing routes. We noted that the Authority does not provide such services. Therefore, this procedure was not applicable.

- R. Measure FG/HIB DRM from maps or by retracing route.

Findings: We inquired of personnel whether other public transit agencies operate service over the same fixed guideway as the Authority. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- 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 operating expense (OE) for the service operated over the same FG/HIB.

Findings: We inquired of personnel the procedures for revenue service for each fixed guideway segment. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- T. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2015 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 2015 report year, the Agency Revenue Service Date must occur within the transit agency's 2015 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 Bus 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, the FTA will only consider segments continuously reported to the NTD.

Findings: We inquired of personnel the procedures for revenue service for each fixed guideway segment. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- U. Compare operating expenses with audited financial data after reconciling items are removed.

Findings: We reconciled operating expenses presented to the audited financial statements. No exceptions were noted as a result of applying this procedure.

- V. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation (PT)-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.

Findings: We compared the data reported on the Contractual Relationship (Form B-30) to the purchased transportation fare revenues. No exceptions were noted as a result of applying this procedure.

- 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 Independent Auditor Statement (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.

Findings: This procedure is not applicable as assurances over the PT services data are included in Procedures "A" through "V" above.

- 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.

Findings: We obtained copies of the purchased transportation contracts and noted that all contracts specified the specific mass transportation services to be provided; specified the monetary consideration obligated by the Authority; specified the period covered by the contract and that this period is the same as, or a portion of, the period covered by the Authority's NTD report; and signed by representatives of both parties to the contract. We determined that executed contracts are maintained for a minimum of three years. No exceptions were noted as a result of applying this procedure.

- 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.

Findings: We inquired of personnel whether the Authority provides services in more than one UZA, or between a UZA and a non-urbanized area (non-UZA). This procedure is not applicable as the Authority does not provide services in more than one UZA.

- 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%, 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.

Findings: We compared the data reported on the FFA - 10 to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For vehicle revenue mile, passenger mile, or operating expense data that have increased or decreased by more than 10 percent, we inquired with the Authority management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period. No exceptions were noted as a result of applying this procedure.

- 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 the FTA.

Findings: We have documented the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers are available for FTA review for a minimum of three years following the NTD report year. No exceptions were noted as a result of applying this procedure.