Understanding the NTD Auditor Statements

This guide provides an overview of the two National Transit Database (NTD) auditor statements: the Independent Auditor Review for Financial Data (IAS-FD) and the Independent Auditor Review for Federal Funding Allocation (IAS-FFA).

The Independent Auditor Review for Financial Data (IAS-FD)

The IAS-FD is a review of the agency's accounting system and NTD financial forms to confirm the following:

1. That the agency is reporting following the Uniform System of Accounts
2. That the agency's accounting system follows accrual accounting or is directly translatable to accrual accounting using a crosswalk
3. That all financial data are in accordance with NTD requirements

Any negative findings must be noted by the auditor and addressed by the transit agency.

Who Is Required to Submit a Completed IAS-FD?

Only Urban Reporters with a Full Reporter, Reduced Reporter, or Separate Service Reporter type are required to submit a completed IAS-FD.

When Is Submission Required?

The IAS-FD is required the first year the agency reports to the NTD Urban module. Agencies must complete an IAS-FD once every 10 years unless the agency has a significant change to their accounting system earlier. Then, an IAS-FD must be completed upon implementation of the change.

After submitting an IAS-FD, the chief executive officer will certify in the subsequent 9 years that the agency still uses the same accounting system that was previously reviewed.

Available Resources

The annual *NTD Reporting Policy Manual*, found on the Manuals page of the NTD website, includes a description of the review, as well as a template for the final document that the auditor may choose to use. The auditor's template follows:

Instructions: *The Independent Auditor Statement for Financial Data (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 are reported:]

- Sources of Funds – Funds Earned and Funds Expended form
- Uses of Capital form
- Operating Expenses forms
- Reduced Reporting – Small Systems

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:
Title:
City:
Date:

The Independent Auditor Review for Federal Funding Allocation (IAS-FFA)

The IAS-FFA is a review of all NTD data that the Federal Transit Administration uses to apportion federal funds.

Who Is Required to Submit a Completed IAS-FFA?

This requirement applies to Urban Full Reporters that (1) operate in a large Urbanized Area (UZA) (a UZA with 200,000 or more in population) and (2) operate 100 or more Vehicles in Operation at Maximum Service across all modes and types of service.

When is Submission Required?

The IAS-FFA is due annually as a part of the annual NTD report. The agency reports whether this review has been completed, whether there were negative findings, and how the agency addressed those findings.

Available Resources

The annual *NTD Reporting Policy Manual*, found on the Manuals page of the NTD website, includes a description of the review, a template that the auditor may choose to use, as well as suggested procedures. The auditor’s template follows:

> ***Instructions:*** *The Independent Auditor Statement for Federal Funding Allocation Data (IAS-FFA) 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
>
> The Federal Transit Administration (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 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 Vehicle Revenue Miles (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 FFA10 form for the fiscal year ending **[date]**. Such procedures, which were agreed to and specified by FTA in the Declarations section of the ***[year]*** *NTD 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 49 CFR part 630 and as presented in the ***[year]*** *NTD 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, Fixed Guideway, Directional Route Miles, Passenger Miles Traveled, and Operating Expenses of **[transit agency name]** for the fiscal year ending **[date]** for each of the following modes:

[List each mode by Type of Service (Directly Operated or Purchased Transportation).]

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 49 CFR part 630 and as presented in the ***[year]*** *NTD Policy Manual.*

Signed:
Title:
City:
Date: