

Independent Auditor Statement Requirements

For the Independent Auditor Statement for Financial Data (IAS-FD), the auditor must review all financial forms to ensure that the transit agency's accounting system follows the Uniform System of Accounts (USOA), the system uses accrual accounting or uses a directly-translatable method, and all financial data are compliant with the USOA.

Suggestions for Auditor

Obtain and read the mapping of transit agency accounts to NTD USOA functions and object classes.

If no mapping is written, determine the mapping by identifying the personnel assigned responsibility for supervising the NTD data preparation and maintenance. Discuss the procedures for preparing NTD data (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to ensure that they are consistently applied across report years. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the following financial forms, as appropriate:

1. **Funding Sources (F-10)**
2. **Uses of Capital (F-20)**
3. **Operating Expenses (F-30)**
4. **Operating Expenses Summary (F-40)**
5. **Statement of Finances (F-60)**
6. **Reduced Reporting (RR-20) (Financial Section)**

Review cost allocation procedures for allocating joint (shared) expenses by mode, type of service, and function as appropriate. Determine whether direct expenses are attributed to the correct mode, type of service and function. Determine if the indirect expenses are allocated using a reasonable method. Ensure that cost allocation variables are calculated every year using current Fiscal Year (FY) data.

The auditor must identify in the IAS-FD any data that cannot be translated to the USOA or do not conform to NTD requirements. The auditor must describe the discrepancies.

The transit agency must address any discrepancies before the CEO certifies the D-10 form and submits the NTD report.

FTA Approval

Transit agencies must submit the IAS-FD to NTD with the annual report once every 10 years. The transit agency must submit the IAS-FD no later than the date of the last annual report revision (prior to the report closeout deadline.) The NTD may issue a Failure to Report finding if a transit agency does not submit an IAS-FD when required.

If there is a significant change in the transit agency's accounting system, another review must be performed (a new Independent Auditor Statement for Financial Data (IAS - FD)) and submitted to FTA. FTA may require a new review if there are substantial changes in financial data reporting.

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.

Format for the IAS-FD

FTA has provided a template of the IAS-FD below. This can also be found in Appendix A of the NTD Policy Manual. The NTD does not require agencies to use this format exactly, 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. The IAS-FD file copy should be on the independent auditor's letterhead, submitted with the transit agency's annual NTD report, and kept on file by the transit agency.

Template:

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: