

BOARD POLICY

Category: FINANCIAL MATTERS

ACCOUNTING POLICY

Purpose:

The purpose of this policy is to document the District's method of accounting, audit schedule, standards of internal controls and audit committee designation.

1. The accounting system of the District and the AC Transit Financing Corporation shall be maintained on an annual basis consistent with Generally Accepted Accounting Principles for governmental entities (GAAP).
2. An independent firm of Certified Public Accountants (CPAs) shall perform an annual financial audit including the following items:
 - Schedule of Funding Progress
 - Schedule of expenditures of federal awards and comparative statements and schedules
 - Appropriate local tax measure compliance reports
 - Measure VV Report
 - Measure B and Measure BB Report
 - Measure J Report
 - Compliance with the appropriations limit requirements of Section 1.5 of Article XIII B of the California Constitution
 - Transportation Development Act (TDA) Compliance Report
 - Proposition 1B Compliance Report including Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and Transit System Safety, Security, and Disaster Recovery Account (TSSSDRA) funds
 - Low Carbon Transit Operating Program (LCTOP) Compliance Report
 - Agreed upon procedures review of AC Transit Special Transit Service Districts 1 and 2
 - National Transit Database (NTD) Report
 - Report to the State Controller
 - Report of Board and Executive Staff expenditures

- Report on the AC Transit Financing Corporation
 - “Management Letter” regarding matters of internal control
3. The independent firm of CPAs will issue an opinion, which will be incorporated into the Comprehensive Annual Financial Report of the District. The audit of the financial statements will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133.
 4. Audit contracts shall be competitively bid at least every five years, or sooner as desired by the Board. Staff will present the process and the results of its screening and selection process of the external auditor to the Board Finance and Audit Committee any actions relating to annual renewal of audit contracts require Board approval.
 5. District Accounting Statements including a Balance Sheet, a Profit and Loss Statement and a Supplementary Schedule of District-funded Capital projects shall be produced and reviewed monthly by the General Manager, the General Counsel and the Chief Financial Officer and shall be submitted to the Board of Directors at least quarterly.
 6. Internal control procedures consistent with Section 404 of Sarbanes Oxley Act, continuously developed and maintained to ensure accurate financial reporting and an effective internal control structure over the assets of the District. Internal controls will take into consideration compliance with applicable laws, regulations and the provisions of contracts or grant agreements.
 7. The Board of Directors Finance and Audit Committee shall serve as the audit committee. The committee engaged primarily in an oversight function and ultimately responsible for the District’s financial reporting processes and the effectiveness over internal controls. The audit committee, consistent with the Sarbanes Oxley Act, shall have Board member representation only. The external auditor shall report results directly to the Audit committee.
 8. The Finance and Audit Committee shall be responsible for ensuring that the District complies with all District debt policies, including that the District shall not borrow funds that would adversely impact the financial condition of the District.