

For more information on PMT Sampling, see the “Service Data Requirements: Service Consumed: Passenger Miles Traveled” section of this manual.

Independent Auditor Statement for Financial Data Waiver

New NTD reporters filling out a full report may request an IAS-FD waiver in their first year of reporting. If approved by FTA, the waiver is good for one year and the transit agency must submit the IAS-FD in the following report year.

Auditor Statements

The NTD requires that an independent auditor review certain reporter types and provide an Independent Auditor Statement (IAS). An IAS is a letter that an official representative from an independent public account or other independent entity (such as a state audit agency) signs.

The independent auditor must confirm that the transit agency data conforms to NTD requirements. If an auditor finds an issue, the auditor must explain the discrepancy in the IAS. Auditors must identify the auditing firm name and location, and sign and date the IAS.

There are two Independent Auditor Statements:

- Independent Auditor Statement for Financial Data
- Independent Auditor Statement for Federal Funding Allocation Data

Independent Auditor Statement for Financial Data

Full Reporters, Reduced Reporters, and Separate Service transit agencies must file an initial IAS-FD. For this statement, the auditor must determine if the transit agency accounting system meets FTA requirements. The NTD does not allow agencies to use an audit from the OMB Circular A-133 Single Audit Act.

The NTD refers to business papers, records and reports, and the procedures that an agency uses in recording transactions and reporting their effects as the “accounting system.” The term “accounting system” does not refer to the hardware or software program transit agencies use. Therefore, the accounting system remains the same, even when hardware or software upgrades or changes.

A transit agency must provide an IAS-FD to the NTD in the first year it reports as a Full Reporter and every ten reporter years thereafter. In the interim, if a transit agency has

met the IAS requirements in the prior year and has not changed its accounting system, FTA waives the annual IAS-FD. Instead, FTA requires the CEO to certify annually that the agency's financial data continue to meet NTD requirements. FTA may require a new review if a transit agency substantially changes its financial data reporting method.

The transit agency must file the Annual Report on time even if the IAS-FD is incomplete. If extenuating circumstances cause a delay of the IAS-FD, the CEO must provide documentation explaining the late auditor review. The transit agency must complete the IAS-FD no later than the date of the last report revision. The NTD may issue a Failure to Report finding if a transit agency does not submit an IAS-FD when required.

Independent Auditor Requirements

For the IAS-FD, the auditor must review all financial forms to ensure that:

- The transit agency's accounting system follows the Uniform System of Accounts;
- The transit agency's accounting system follows accrual accounting or uses a directly translatable method; and
- All financial data are in accordance with NTD requirements.

The auditor must state in the IAS-FD if he or she finds that any data do not conform to NTD requirements and describe the discrepancies.

FTA Approval

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.

IAS-FD Template

FTA provides a template of the IAS-FD in Appendix A. The NTD does not require agencies to use the exact format set forth in Appendix A; 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.

Appendix A: AUDIT TEMPLATES

Independent Auditor Statement for Financial Data

Instructions: *The 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: