



Proven Expertise and Integrity

January 9, 2017

Board of Commissioners
Chittenden County
Transportation Authority
15 Industrial Parkway
Burlington, VT 05401

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the business-type activities of the Chittenden County Transportation Authority as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Chittenden County Transportation Authority's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating procedures of the Chittenden County Transportation Authority. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2016, where we expressed an unmodified opinion on our independent auditors' report dated December 5, 2016.

Purchasing Policy:

While performing the audit for the above mentioned year end, it was noticed the Authority has very comprehensive purchasing policies and procedures. We recommend the Authority review its current policies as revised on August 18, 2015 and update to include definitions and wording from the new Uniformed Administrative Guidance which is now effective.

Management Response:

Staff will be working to update the current purchasing policies and procedures to ensure compliance with the new guidance.

Procurement:

While performing the audit for the above mentioned year end, it was noticed on select purchases, and subsequent purchases relating to these already procured select services of the Agency, that the Agency did not follow its internal purchasing/procurement policies prior to soliciting services/goods to be provided to the Agency by an outside contractor.

The Finance Director (who according to policy is also a director involved in purchasing and whose role also implies verifying that funds are available within the budget) did not have an understanding on whether or not funds were available to secure the purchase. Furthermore, it appears on this specific solicitation (mobile ticketing) the procurement policies followed prior to a request for proposal were not consistent with Agency past practice.

We recommend the Agency review its existing procurement policies and procedures and review for adequacy. Some of this policy should be clarified for roles and authority at the Agency on “large purchases”. The Agency should also follow its existing practices.

We would also like to recommend to the Agency to review its current procurement process and purchasing directors duties and responsibilities. May we suggest the Agency consider getting all department heads appropriate procurement training.

Management Response:

The Finance Department has had concerns and raised them to upper level management during this audit period and subsequent to this audit period about the deviations from the Agency’s current internal procurement practices and industry “best procurement practices”. We believe our past and current concerns still have not been addressed.

We would like to thank Michelle, Jordan and all of the staff at the Authority for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,



RHR Smith and Company, CPAs

FY18 Finance Committee Workplan

	Item #1	Item #2	Item #3	Item #4
JULY				
AUGUST	Annual Retreat Topics to present	Update on Audit preparation & review of prior year ML Letter	Auditor RFP	FY18 Workplan
SEPTEMBER	Review Final Adjusted FY16 Operating & Capital Budgets and recommend to full Board for adoption			
OCTOBER	Discuss FY19 Budget strategy	Initial report on Audit Fieldwork and any findings		
NOVEMBER	Review FY19 Operating and Capital Budget & Recommend to Board			
NOVEMBER OR DECEMBER	Final Review of FY19 Operating & Capital Budgets before Public Meeting (IF NECESSARY)			
DECEMBER	Hold Public Meeting on the Budget as required by the charter	Discuss any comments from Public Meeting	Recommend Budget for Approval at December Board Meeting	
JANUARY				
FEBRUARY	Auditor on site to present audited financial statements	Review of FTA Overhead Rate Closeout submission		
MARCH				
APRIL	Underlying Federal Grants Presentation			

FY18 Finance Committee Workplan

	Item #1	Item #2	Item #3	Item #4
MAY	Set FY19 Workplan			
JUNE				

Budget Development Timeline

FY 2018 Operating and Capital Budgets

1. Review FY 2017 Process - Adjust as necessary	June		Staff/Committee
2. Start development of the FY 2018 Operating & Capital Budgets	Aug/Sep	✓	Staff
3. Board Review/Discuss Budget Preparation Issues <ul style="list-style-type: none"> • Fuel Pricing • Debt Obligations • Member Assessments Formula/Rural Local Funding • State & Federal Grant Expectations • Labor Contract Obligations • Fares 	October 18, 2016	✓	Staff/Board
4. Finance Committee Reviews DRAFT Operating & Capital Budgets	November 10, 2016	✓	Staff/Committee
6. Finance Committee Reviews Final DRAFT Operating & Capital Budgets <i>This meeting can be as late as 11/27 and still comply with warning for public meeting</i>	November 22, 2016	✓	Staff/Committee
5. Board Reviews DRAFT Operating & Capital Budget <ul style="list-style-type: none"> • <i>Notify Members of DRAFT Operating & Capital Budget assumptions</i> 	December 20, 2016	✓	Staff/Board
7. Notify Members of Public Budget Meeting Disclose Assumptions: Revenue/Expenses Assessments/Local Contributions	December 20, 2016	✓	Staff (warn at least 15 days prior)
8. Public Budget Meeting Per Charter	January 6, 2017	✓	Staff
9. Board Adopts Budget & Sets Member Assessments	January 17, 2017	✓	Staff/Board
10. Notify Members of FY 2018 Assessments via mail	January 18, 2017		Staff
<u>ITEMS 11 thru 13 only occur if Passenger Fares are adjusted*</u>			
11. Board Considers Passenger Fares	March 2, 2017		Staff/Board
12. Public Hearings on Passenger Fare adjustments	April 1, 2017		Staff
13. Board Sets FY 2018 Passenger Fares	May 1, 2017		Staff/Board
14. Board Adjusts FY 2018 Operating & Capital Budgets	Sept. 2017		Staff/Board
15. Board Adjusts FY 2018 Operating & Capital Budgets (if necessary)	Jan. 2018		Staff/Board

**Due to March town meetings and the timing of the release of the FY 2018 state budget details on transit, there is too much uncertainty to hold public hearings on fares prior to budget adoption. It serves us to wait until March, in order to ensure full information on revenues prior to considering adjustments to passenger fares.*