

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 11 - Audit Policy

I. Purpose. This audit policy is adopted to implement the auditing program of the Northern Virginia Transportation Authority (NVTA) as required by the *Code of Virginia* §30-140 and the NVTA Bylaws Article VIII, Section B-Audits. The purpose of the NVTA's Audit Policy is to delineate the areas of responsibility and to minimize the risk of non-compliance with accounting and reporting standards required by the Commonwealth of Virginia's Auditor of Public Accounts.

II. Requirements.

- A. Audit Requirements.** The *Code of Virginia* §30-140, requires that all authorities, boards and commissions having financial transactions in excess of \$25,000 shall file an audit report within 90 days after the close of the fiscal year with the Auditor of Public Accounts.
- B. NVTA Bylaws Article VIII.** Section B, more specifically requires an audit by an independent certified public accountant, be conducted at least annually. Such audits will, at a minimum, obtain an opinion as to the accuracy of the annual financial statements. Additional audit activity may be obtained by the Finance Committee as it deems prudent.
- C. Public Notice.** The *Code of Virginia* §30-140, requires the NVTA to publish a summary statement of financial condition in a newspaper of general circulation based on its locality. The minimum statement should include total assets, liabilities, and fund balances; total revenues, expenditures, and other sources or uses; and the resulting net change in fund balances.
- D. Auditing Standards.** The audit must be conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The auditor must follow Government Auditing Standards regardless of whether the NVTA received federal financial assistance.
- E. Financial Reporting Requirements.** The Auditor of Public Accounts requires the NVTA's financial statements be prepared in accordance with the provisions of the Governmental Accounting Standards Board (GASB).

III. Responsibilities.

- A. The Authority.** The NVTA governing board is ultimately responsible for the Authority's financial management and financial reporting requirements. The Authority provides guidance to the Finance Committee and the Executive Director as necessary to ensure compliance and resolve financial issues.

B. Finance Committee (In its role serving as NVTA's Audit Committee). The Finance Committee serves as the audit committee for the NVTA governing body due to its unique position as the ultimate monitor of the financial reporting process and internal controls. The Finance Committee (audit committee) provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns.

1. The Finance Committee manages the appointment, compensation, retention, and oversight of the independent auditing firm, the auditor's work and the corresponding independent audit report with management report (if applicable). The Finance Committee will meet with auditor before the audit begins and when it is concluded.
2. The Finance Committee will advise the Authority on the results of the audit. In concurrence with the Authority, the Finance Committee works with the independent auditing firm and senior management to resolve any issues.

C. Chief Financial Officer through the Executive Director - Within the guidance provided by the Finance Committee, the Chief Financial Officer (CFO) will solicit bids and award a contract for an independent auditing firm. The CFO is responsible for the maintenance and security of accurate financial records including the preparation of records for audit. The CFO provides oversight of the NVTA staff in support of the Finance Committee's requests and needs.

Approved by the Finance Committee: December 5, 2014

Approved by Northern Virginia Transportation Authority: December 11, 2014