

# Nantucket Regional Transit Authority

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## AGENDA FOR THE MEETING OF THE

### FINANCE AND AUDIT COMMITTEE of the NRTA ADVISORY BOARD

JULY 23, 2014

5:45 P.M.

COMMUNITY ROOM, NANTUCKET POLICE STATION  
4 FAIRGROUNDS ROAD  
NANTUCKET, MASSACHUSETTS

- I. Approval of Minutes from the February 19, 2014 Meeting.
- II. Discussion of the Fiscal Affairs of the Authority.



Minutes of the Finance and Audit Committee Meeting of February 19, 2014. The meeting took place in the Training Room of the Nantucket Police Station, 4 Fairgrounds Road, Nantucket, MA 02554. Members of the Board present were: Rick Atherton, Robert DeCosta, Bruce Miller, Matthew Fee, Tobias Glidden and Karenlynn Williams. Chairman Atherton opened the meeting at 5:47 p.m.

Approval of Minutes from the February 12, 2014 Meeting. The minutes of the February 12, 2014 meeting were approved by unanimous consent of the Board.

Review/Comment on FY15 final budget. Paula Leary, NRTA Administrator stated that the salary related items had been moved as requested by Mr. Fee.


Mr. DeCosta moved that it be resolved the 2014 schedule and FY15 final budget be approved for presentation to the NRTA Advisory Board; seconded by Mr. Miller. So voted.

The meeting was unanimously adjourned at 5:49 p.m.

Approved:

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TO: FINANCE AND AUDIT COMMITTEE OF THE NRTA ADVISORY BOARD  
FROM: PAULA LEARY, NRTA ADMINISTRATOR   
RE: DISCUSSION OF THE FISCAL AFFAIRS OF THE AUTHORITY  
DATE: JULY 23, 2014

A requirement of the regulation that established the creation of the finance and audit committee is the fiscal affairs of the Authority relative to internal controls and possible recommendations to improve the fiscal affairs of the Authority.

The NRTA has an independent accountant that reviews the financial activities of the NRTA on a monthly and annual basis. The independent accountant understands the entity and is familiar with all transactions of the NRTA. An internal controls checklist has been developed that verifies various transactions, for example but not limited to: computer controls, farebox and pass sale controls, revenue and receivables controls, expenditures, payroll controls and all balance sheet accounts, and inventories.

A review of various areas is done to identify fraud risk and inherent risk and make sure they don't exist and are covered by controls. An example of inherent risk is cash.

The independent accountant completes and does an internal audit of balance sheet accounts both monthly and annually. An analytical review is done monthly and annually. A review of the following areas is done: related party transactions, minutes, review commitments and contingency testing.

The NRTA has an Accounting Procedure Manual in accordance with the Federal Government's Office of Management and Budget's (OMB) Common Rule (49 CFR Part 18). Attached is a copy of the Table of Contents of the Account Procedure Manual.

There are internal controls Relative to Federal Award Programs that include, but not limited to: risk of materials non-compliance assessment, inherent risk of non compliance



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assessment, compliance with activities allowed and not allowed, cash management, allowable costs, and matching compliance.

There is also OMB Compliance Supplement Testing, FTA cross-cutting section compliance, and formula grants for rural areas compliance testing.

The independent auditor reviews internal controls over financial reporting and testing internal controls and transactions. Recommendations for improvements would be made the auditor in the management letter that is part of the audited financial statements and communicated to the Advisory Board. The NRTA has not had any findings relative to internal controls for the past several and the fiscal affairs of the Authority are sound.

The FY14 audit is currently being conducted and the auditor will make a report to the Finance and Audit Committee upon it's issuance in September.

Tom Thevenin, accountant and Bruce Norling, auditor will be at the meeting to answer any questions you may have.

Thank you.



NANTUCKET REGIONAL TRANSIT AUTHORITY  
ACCOUNTING PROCEDURES MANUAL  
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1. General Description of Authority
2. Organization chart
3. Accounting procedures narrative
4. Workpaper exhibits
5. Capital assets
6. Accounts payable
7. Vendor list – account distribution guide
8. Proformed invoice aprons
9. Farebox procedures
  - a. Fixed route season pass procedures
  - b. Farebox fixed route fares and short-term pass sales
  - c. Demand response revenue
  - d. Winter storage protocol for electronic fareboxes
10. Payroll procedures
11. Account listing (Chart of accounts & report definition checklist)
12. Journal entry control
13. Proformed journal entry forms
14. Standard and non-recurring general journal entry input procedures
15. Monthly financial statements
  - a. Excel statement of net assets
  - b. Excel statement of revenues and expenses
  - c. Analytical revenue of statement of revenues and expenses
  - d. QuickBooks profit and loss and balance sheet previous year comparison
16. Trial balance
17. General ledger
18. Deposit detail (i.e., cash receipts journal)
19. Check detail (i.e., cash disbursements journal)
20. Adjusting journal entries (all standard and non-recurring journal entries list)
21. Back-up procedures