



**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**

Federal Uniform Guidance Report

Year ended June 30, 2016

(With Independent Auditors' Report Thereon)

# SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

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**Independent Auditors' Report on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures  
of Federal Awards and State and Local Matching Funds Required by the Uniform Guidance**

To Honorable Mayor, Board of Supervisors,  
and Municipal Transportation Agency Board of Directors  
City and County of San Francisco

**Report on Compliance for the Major Federal Program**

We have audited San Francisco Transportation Agency (SFMTA) of the City and County of San Francisco's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on SFMTA's major federal program for the year ended June 30, 2016. SFMTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for SFMTA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SFMTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of SFMTA's compliance.

***Opinion on the Major Federal Program***

In our opinion, SFMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on the major federal program is not modified with respect to this matter.



SFMTA's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. SFMTA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of SFMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SFMTA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SFMTA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

SFMTA's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. SFMTA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards and State and Local Matching Funds Required by the Uniform Guidance**

We have audited the financial statements of SFMTA as of and for the year ended June 30, 2016, and have issued our report thereon dated October 21, 2016, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards and state and local matching funds is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the



basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state and local matching funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

San Francisco, California  
January 20, 2017

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**  
 Schedule of Expenditures of Federal Awards and State and Local Matching Funds  
 Year ended June 30, 2016

Federal Agency/ Pass Through Entity/ Project Number	Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Award Amount	Expenditures July 1, 2015 to June 30, 2016			
					Total Federal Awards and State and Local Matching Funds	Federal Share	Amount Provided to Subrecipients	
Department of Transportation:								
Federal Transit Cluster:								
Federal Transit Administration Capital								
Improvement Grants:								
Various CPTs	FY 2005 Section 5309 Fixed Guideway	CA-03-0708	20.500	\$ 29,022,954	36,065	19,669	—	
CPT544	FY 2007 Section 5309 New Starts	CA-03-0767	20.500	1,578,300,000	145,063,594	82,343,591	—	
CPT640	FY 2009 Section 5309 Fixed Guideway	CA-03-0811	20.500	19,245,000	4,669,068	3,610,812	377,409	
CPT592	FY 2006 Section 5309 Bus & Facilities	CA-04-0008	20.500	4,300,711	904,630	705,685	—	
CPT432, CPT655 and CPT676	FY 2011 Section 5309 Bus & Facilities	CA-04-0196	20.500	75,263,322	7,845,538	4,259,713	—	
CPT662 and CPT699	FY 2013 Section 5309 Bus Livability	CA-04-0278	20.500	7,940,000	458,063	418,540	—	
CPT713	FY 2015 Section 5309-1 Bus and Facilities	CA-03-0827	20.500	11,244,033	11,244,033	8,995,226	—	
Various CPTs	FY 2007 Section 5309 Fixed Guideway	CA-05-0215	20.500	58,184,279	1,849,747	1,473,326	—	
Various CPTs	FY 2008 Section 5309 Fixed Guideway	CA-05-0225	20.500	51,475,522	1,401,922	1,116,981	—	
Various CPTs	FY 2009 Section 5309 Fixed Guideway	CA-05-0241	20.500	46,663,219	8,278,416	6,474,715	—	
Various CPTs	FY 2011 Section 5309 Fixed Guideway	CA-05-0259	20.500	83,324,511	34,939,385	29,700,794	—	
Various CPTs	FY 2012 Section 5309 Fixed Guideway	CA-05-0272	20.500	85,911,197	29,237,440	24,792,206	—	
Various CPTs	FY 2010 Section 5309 Fixed Guideway	CA-05-0742	20.500	78,515,881	29,903,095	24,913,197	104,143	
CPKA46	FY 2008 Section 5312 High Priority Projects	CA-55-0002	20.500	6,298,598	177,686	177,686	—	
Total Capital Improvement Grants					<u>2,135,689,227</u>	<u>276,008,682</u>	<u>189,002,141</u>	<u>481,552</u>
Federal Transit Administration Capital and								
Operating Assistance Formula Grants:								
Various CPTs	FY 2002 Section 5307 Urban Area Formula	CA-90-Y124	20.507	98,262,174	122,924	108,983	—	
Various CPTs	FY 2007 Section 5307 Urban Area Formula	CA-90-Y533	20.507	39,818,104	2,706,842	2,298,468	—	
Various CPTs	FY 2008 Section 5307 Urban Area Formula	CA-90-Y624	20.507	47,712,174	3,016,820	2,603,711	—	
Various CPTs	FY 2009 Section 5307 Urban Area Formula	CA-90-Y749	20.507	38,627,761	238,362	100,704	—	
Various CPTs	FY 2010 Section 5307 Urban Area Formula	CA-90-Y822	20.507	29,093,795	324,311	645	—	
Various CPTs	FY 2011 Section 5307 Urban Area Formula	CA-90-Y905	20.507	18,611,668	—	—	—	
Various CPTs	FY 2012 Section 5307 Urban Area Formula	CA-90-Y995	20.507	12,372,214	1,625,553	1,325,017	—	
Various CPTs	FY 2013 Section 5307 Urban Area Formula	CA-90-Z086	20.507	66,109,236	7,902,518	7,131,060	—	
CPT697	FY 2014 Section 5307-3 Urbanized Formula	CA-95-X340	20.507	10,305,649	—	—	—	
CPKE05	FY 2010 Section 5307 CMAQ – SFGO	CA-95-X150	20.507	21,813,848	1,139,249	1,136,449	—	
CPT667	FY 2011 Section 5307 CMAQ – Market and Haight	CA-95-X164	20.507	4,448,200	—	—	—	
Various CPTs	FY 2012 Section 5307 STP – Phelan Loop	CA-95-X179	20.507	2,433,548	1,222,904	1,011,982	—	
CPKF59	FY 2013 Section 5307 STP – Signals	CA-95-X199	20.507	584,000	91,667	29,994	—	
Various CPTs	FY 2013 Section 5307 CMAQ & STP	CA-95-X219	20.507	59,305,783	17,995,050	15,266,495	—	
CPT544	FY 2014 Section 5307 Formula Grants	CA-95-X303	20.507	14,117,248	3,227,487	3,227,487	—	
CPT713 and GPT209	FY 2014 Section 5307 Formula Grants	CA-90-Z180	20.507	76,587,858	60,086,765	48,466,007	—	
Various CPTs and GPTs	FY 2015 Section 5307 Formula Grant	CA-90-Z239	20.507	37,494,464	36,001,575	29,441,806	—	
Total Capital/Operating Assistance Formula Grants:					<u>577,697,724</u>	<u>135,702,027</u>	<u>112,148,808</u>	<u>—</u>
State of Good Repair Program:								
Various CPTs	FY 2013 Section 5337 State of Good Repair	CA-54-0010	20.525	38,190,108	2,341,271	1,544,045	—	
CPT404 and CPT632	FY 2014 Section 5337 State of Good Repair	CA-54-0026	20.525	21,589,190	—	—	—	
CPT404 and CPT995	FY 2015 Section 5337 State of Good Repair	CA-54-0042	20.525	30,947,929	—	—	—	
Total State of Good Repair Program					<u>90,727,227</u>	<u>2,341,271</u>	<u>1,544,045</u>	<u>—</u>
Total Federal Transit Cluster					<u>2,804,114,178</u>	<u>414,051,980</u>	<u>302,694,994</u>	<u>481,552</u>
Public Transportation Research								
	FY 2012 Section 5314 TCSP – SFGO	CA-26-0057	20.514	271,683	7,947	7,947	—	

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**  
 Schedule of Expenditures of Federal Awards and State and Local Matching Funds  
 Year ended June 30, 2016

Federal Agency/ Pass Through Entity/ Project Number	Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Award Amount	Expenditures July 1, 2015 to June 30, 2016			
					Total Federal Awards and State and Local Matching Funds	Federal Share	Amount Provided to Subrecipients	
Federal Highway Administration: Beyond Traffic: The Smart City Challenge								
CPT789	FY 2016 Beyond Traffic: The Smart City Challenge	DTFH6116H00012	20.200	\$ 100,000	100,000	100,000	—	
Pass-through Programs, State of California: Highway Research and Development Program								
CPKA37	FY 2009 Value Pricing Pilot – SF Park	VPPTCSPL-6328(015)	20.200	42,250,000	177,972	177,972	—	
Sustainable Transportation Planning Grants:								
CPT746	FY 2016 Section 5304 Sustainable Communities	74A0879	20.505	334,410	7,302	6,551	—	
Transit Services Program Cluster: New Freedom Program								
CPT679	FY 2012 Section 5317 New Freedom	CA-57-X077	20.521	250,000	6,892	5,522	—	
Highway Planning and Construction Cluster: Federal Transit Administration								
CPT684	FY 2013 TIGER – Mission Bay	CA-79-0002	20.205	13,046,705	646,969	454,353	—	
Pass-through Programs, State of California:								
CPKP84 and CPKF65	FY 2009 Safe Routes to Schools – Chinatown	SRTSL-6328(019)	20.205	673,370	96,907	96,907	—	
CPKG32	FY 2013 Highway Safety Improvement – Rail Signals	HSIPL 6328 (041)	20.205	988,000	77,302	67,709	—	
CPKP78	FY 2008 CMAQ – Bike Network	CML-6328(014)	20.205	115,000	—	—	—	
CPKP83	FY 2008 CMAQ – Tenderloin	CML-6328(017)	20.205	452,100	—	—	—	
CPKP82	FY 2008 CMAQ – Golden Gate Park	CML-6328(018)	20.205	163,000	—	—	—	
CPKF91	FY 2011 CMAQ – Outer Sunset	CML-6328(052)	20.205	621,571	(19,515)	(19,515)	—	
CPKE70	FY 2013 Highway Safety Improvement – Crosswalks	HSIP-6328(047)	20.205	351,827	66,051	68,493	—	
CPKG55	FY 2014 Highway Safety Improvement – Polk	HSIP-6328(068)	20.205	1,575,000	112,412	97,413	—	
CPKA43	FY 2009 Highway Safety Improvement – Fulton	HSIPL-6328(026)	20.205	115,613	—	(7,682)	—	
CPKA76 and CPKF58	FY 2009 Highway Safety Improvement – Bayshore/Paul	HSIPL-6328(031)	20.205	395,572	21,200	21,200	—	
CPKF72	FY 2011 Highway Safety Improvement – Sunset	HSIPL-6328(039)	20.205	938,798	(16,079)	(16,079)	—	
CPKE70	FY 2012 Highway Safety Improvement – Crosswalks	HSIPL-6328(047)	20.205	78,000	2,156	2,156	—	
CPKE89	FY 2012 Highway Safety Improvement – Masonic	HSIPL-6328(048)	20.205	992,104	79,686	12,352	—	
CPKG68	FY 2016 and 2017 Highway Safety Improvement – S Van Ness Pedestrian Signals Projects	HSIPL-6328(069)	20.205	1,840,993	108,760	88,001	—	
CPKG21	FY 2013 Pedestrian Safety & Encouragement Campaign	RPSTLE 6328(060)	20.205	851,000	94,233	94,233	—	
CPKP80 and CPKP81	FY 2008 STIP Transportation Enhancement	RPSTPLE-6328(012)	20.205	313,000	—	—	—	
CPKE64 and CPKF43	FY 2011 STIP Transportation Enhancements	RPSTPLE-6328(035)	20.205	790,170	—	—	—	
CPKF53	FY 2011 STIP Transportation Enhancement – Church	RPSTPLE-6328(036)	20.205	47,000	—	—	—	
CPKE65	FY 2012 STIP Transportation Enhancement – Bike	RPSTPLE-6328(042)	20.205	235,000	9,233	9,233	—	
CPKG90	FY 2015 STIP Transportation Enhancement - Crosswalks	RPSTPLE-6328(064)	20.205	250,000	35,981	35,981	—	
CPKA50 and CPKG18	FY 2009 Safe Routes to Schools – Jefferson	SRTSL-6328(020)	20.205	589,000	48,578	48,578	—	
CPKE32	FY 2011 Safe Routes to Schools – Alamo	SRTSL-6328(040)	20.205	690,533	438,167	438,167	—	
CPKF44	FY 2012 Safe Routes to Schools – Demna	SRTSL-6328(050)	20.205	1,154,293	83,083	58,518	—	
CPKE98	FY 2012 Safe Routes to Schools – Tenderloin	SRTSL-6328(051)	20.205	894,094	349,072	349,072	—	
Various	FY 2013 Regional Priority Development Area – PDA	STPL-6328(063)	20.205	2,688,962	554,567	492,309	274,302	
CPKF70 and CPKG36	FY 2013 Surface Transportation – Mansell Corridor Complete Streets	STPL-6328(066)	20.205	6,186,987	3,096,886	1,114,176	—	
CPKG87	FY 2015 State Transportation Improvement – Twin Peaks Connectivity	STPL-6328(072)	20.205	190,589	44,440	48,839	—	
CPKG39	FY 2009 Value Pricing Pilot – SF Parking Pricing	VPPL-6328(065)	20.205	525,000	227,228	223,417	—	
CPKG13	FY 2010 Value Pricing Pilot – Bike Sharing	VPPL-6328(054)	20.205	1,880,300	6,032	6,032	—	
CPKA87	FY 2010 Value Pricing Pilot – Parking Guidance	VPPL-6328(022)	20.205	4,500,000	563,678	224,748	—	
CPKH64	FY 2015 State Active Transportation Program Cycle 1 – SF Safer Street Campaign	ATPLNI-6328(073)	20.205	2,000,000	216,552	216,552	—	
	Total pass-through programs, State of California			33,086,876	6,296,610	3,770,810	274,302	

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**  
 Schedule of Expenditures of Federal Awards and State and Local Matching Funds  
 Year ended June 30, 2016

Federal Agency/ Pass Through Entity/ Project Number	Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Award Amount	Expenditures July 1, 2015 to June 30, 2016		
					Total Federal Awards and State and Local Matching Funds	Federal Share	Amount Provided to Subrecipients
Pass-through Programs, Metropolitan Transportation Commission: CPKA44	FY 2009 Eastern Neighborhoods	EN TRIPS	20.205	\$ 937,500	—	—	—
	Total Highway Planning and Construction Cluster			47,071,081	6,943,579	4,225,163	274,302
	Total Department of Transportation			2,894,391,352	421,295,672	307,218,149	755,854
Department of Homeland Security: CPT590 CPT720 CPT720 & CPT764 CPT720 & CPT764	FY 2015-19 TSA Canine Team Program	HSTS0215-HNCP480	97.072	1,262,067	229,240	229,240	—
	FY 2013 Transit Security Program	EMW-2013-RA-00060	97.075	2,999,500	691,322	691,322	—
	FY 2014 Transit Security Program	EMW-2014-RA-00035	97.075	2,811,905	2,655,436	2,655,436	—
	FY 2015 Transit Security Program	EMW-2015-RA-00033	97.075	4,662,804	235,636	235,636	—
	Total Transit Security Program			10,474,209	3,582,394	3,582,394	—
	Total Department of Homeland Security			11,736,276	3,811,634	3,811,634	—
Total Expenditures of Federal Awards and State and Local Matching Funds				\$ 2,906,127,628	425,107,306	311,029,783	755,854

See accompanying notes to schedule of expenditures of federal awards and state and local matching funds and independent auditors' report on compliance for each major program; report on internal control over compliance; and report on schedule of expenditures of federal award and state and local matching funds as required by Uniform Guidance

## **SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**

### Notes to Schedule of Expenditures of Federal Awards and State and Local Matching Funds

June 30, 2016

#### **(1) General**

The accompanying Schedule of Expenditures of Federal Awards and State and Local Matching Funds presents activity of the federal award programs of the San Francisco Municipal Transportation Authority (SFMTA). SFMTA's reporting entity is defined in note 1 to SFMTA's basic financial statements. This program is a component of the City and County of San Francisco, and the report is issued at the request of management. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule of Expenditures of Federal Awards and State and Local Matching Funds.

#### **(2) Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards and State and Local Matching Funds is presented using the accrual basis of accounting, which is described in note 2 to SFMTA's basic financial statements.

#### **(3) Federal Loan and Loan Guarantee Programs**

SFMTA did not expend any federal funds to support loan programs or loan guarantee programs. SFMTA do not have federal loans balances outstanding as of June 30, 2016.

#### **(4) Indirect Cost Rate**

SFMTA have negotiated an indirect cost rate with the Federal Transit Administration. SFMTA have elected not to use the 10% de minimis cost rate.

**SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

**(1) Summary of Auditors' Results**

- (a) Type of report on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **No**
  - Significant deficiencies: **No**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weakness: **No**
  - Significant deficiencies: **Yes**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**
- (g) Major Program:
  - Federal Transit Cluster (CFDA No. 20.500, 20.507, and 20.525)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**(3) Findings and Questioned Costs Relating to Federal Awards**

<b>Finding Number</b>	2016-001 Allowable Costs/Activities
<b>Federal Program</b>	Federal Transit Cluster Highway Planning and Construction
<b>Federal Catalog Number</b>	20.500, 20.507, 20.525, 20.205
<b>Federal Agency</b>	Department of Transportation
<b>Pass Through Grantor</b>	State of California (Highway Planning and Construction) Metropolitan Transportation Commission (Highway Planning and Construction)

## SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

### Schedule of Findings and Questioned Costs

Year ended June 30, 2016

**Federal Award Year**                      2006 - 2016

#### **Criteria**

Per 2 CFR part 200, subpart D, section 200.303, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

#### **Condition**

SFMTA utilizes Time Control to record and approve time for its users. We found that SFMTA did not properly design or implement certain IT controls over information technology environment, including access and change management. IT general controls should be properly designed and operating effectively to help ensure application controls function properly.

Specifically, we identified the following:

- 38 out of 400 active users bypassed the existing password settings; therefore, did not need to use a password to access their timesheets. Specifically, 1 out of the 38 active users was a timesheet approver that was not authenticated through active directory and did not need a password to log into Time Control to approve time. The specific approver identified is an approver for 39 users; therefore, these 39 users have a risk of inappropriate time approval. The specific approver identified was removed from the active directory on April 23, 2016; therefore, the timeframe of which the specific approver did not need to use their password to approve time for the 39 users is April 23 2016 through June 30, 2016;
- 14 out of 400 timekeepers that should have limited administrator access have roles in the system which includes full administrator privileges, allowing access to perform application configuration changes and administer other user access rights;
- 2 users' system access was not deactivated timely; specifically, 1 user was not disabled in a timely manner from employee termination date and we noted 1 shared account with access to network administration and had logged onto the network after termination date. The account was deactivated following the year-end;
- There are no standard and documented policies over adding new users, password parameters, job scheduling, and change management process; and
- There is no formal review from authorized personnel in place when adding new users to Time Control. Additionally, this review does not include a review of new and existing users' key roles and permissions.

#### **Questioned Costs**

The total questioned costs is \$35,854, specifically related to the payroll and indirect costs of the 39 users where their approver was not authenticated through active directory from April 23, 2016 to June 30, 2016. Of the \$35,854, \$9,189 is related to the Federal Transit Cluster Program, and \$26,665 is related to the Highway Planning and Construction program.

## SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

### Schedule of Findings and Questioned Costs

Year ended June 30, 2016

#### ***Cause and Effect***

Ineffective general IT controls over the time keeping system and infrastructure, resulted in noncompliance with 2 CFR 200.

#### ***Statistical Sampling***

None

#### ***Prior Year Repeat Finding***

No

#### ***Recommendation***

We recommend that management strengthen the general IT controls over Time Control. Specifically, SFMTA should:

- (1) Ensure all users and approvers are authenticated through active directory;
- (2) Assign and limit full administrator rights to administrative personnel;
- (3) Remove terminated employees from the system on a timely basis;
- (4) Ensure all terminated users, including shared account, are removed from the system in a timely manner;
- (5) Implement standard and written policies over adding new users, password parameters, and change management; and
- (6) Implement a formal review process to review new and existing users and their key roles and permissions.

#### ***Views of Responsible Officials***

SFMTA agrees with the finding but believes the questioned costs is immaterial given the size of the overall capital program.

While SFMTA remains confident that controls in place during the time period mitigated concerns raised during the audit. It has implemented several steps to address the finding:

- All active users have been directly linked to the Active Directory;
- Modified the full administrator rights profile to prohibit changes to the user security profile field;
- TimeControl receives data every pay period on terminated employees from PeopleSoft via an electronic file and makes the necessary changes to terminate access in TimeControl;
- Password change and rotation requirements have been implemented. A formal change management process was established in November 2015; and
- Division Directors will be required to confirm personnel listing using TimeControl (and their roles) on an annual basis.