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ITEM ID:	**2026-353-0**
TRANSMITTAL DATE:	**November 6, 2026**
MEETING DATE:	**November 13, 2026**
TO:	**Board of Directors**
FROM:	**Elisabeth Lazuardi, Director, Audit**
SUBJECT:	**Internal Audit Department Quarterly Update for Q1 FY 2027**

Issue

The Internal Audit Department (Internal Audit) provides quarterly updates on internal and external audits and other activities. This item represents the first quarter of FY 2027 (July 1, 2026, to September 30, 2026).

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics, and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. By formally communicating updates on the progress of the FY 2027 Annual Audit Plan, the status of internal audits, and other audit activities on a periodic basis, we are providing a snapshot of the Authority's ongoing efforts to improve business processes.

Background

The Internal Audit Charter requires the presentation of a quarterly progress report of the Annual Audit Plan to the Chief Executive Officer (CEO) and Board of Directors.

Discussion

Internal Audit Activities

A. The FY 2027 Annual Audit Plan Update as of September 30, 2026 (Attachment A) is included with this report.

External Audit Activities

A. FY 2026 Annual Comprehensive Financial Report (ACFR) and Single Audit. The ACFR and the Single Audit is in progress. External audit firm Eide Bailly, LLP, was engaged to perform the audit.
B. National Transit Database (NTD). The Federal Transit Administration (FTA) has established standards about the data reported to it in the Federal Funding Allocation Statistics Form FFA-10 (FFA-10) for the SCRRA annual NTD report. External audit firm Eide Bailly LLC was engaged to perform agreed-upon procedures to assist SCRRA in evaluating the information included in the NTD report FFA-10 form for the year ended June 30, 2026, which conforms with those standards. The engagement is completed and the NTD report was submitted timely before the due date of October 31, 2026.
C. FTA Triennial Review: The Federal Transit Administration (FTA) conducted the FY2026 Triennial Review to assess the Authority's administration of FTA-funded programs and compliance with applicable requirements. Internal Audit coordinated across the agency to gather requested materials and support the review conducted by Tuba Group, Inc. The exit conference was held on September 3, 2026. Subsequent to September 30, 2026, but prior to the release of this Board item, the Authority received the draft report identifying one Procurement finding related to missing required FTA clauses. Corrective actions include updating procurement procedures and providing evidence of staff training, with a due date of December 17, 2026. Internal Audit continues to coordinate with the responsible departments to address the finding.

Next Steps

Internal Audit will continue reporting quarterly on internal and external audits and other activities.

Prepared by:	Claudia Casasola, Auditor II
Approved by:	Elisabeth Lazuardi, Director, Audit

Attachment(s)

Attachment A - FY27 Q1 Annual Audit Plan Update
Presentation - Q1 FY2027 IA Status Update