

**REPORT OF THE
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION**

PEER REVIEW PANEL

FOR

**PORT AUTHORITY OF
ALLEGHENY COUNTY**

Pittsburgh, PA

September 2012



**A Service of the
American Public Transportation Association**

**REPORT OF THE
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
PEER REVIEW PANEL
ON THE
PORT AUTHORITY OF
ALLEGHENY COUNTY'S
INTERNAL AUDIT PROGRAM**

PANEL MEMBERS:

Paula Bishir-Jensen

Kathy Knox

Greg Hull

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I. INTRODUCTION

In January 2012, Ms. Brenda K. Fink, Director of Internal Audit, Port Authority of Allegheny County (PAAC), contacted the American Public Transportation Association (APTA) to request a peer review of the agency’s *Internal Audit program* to satisfy the requirements as specified in the United States Government Accountability Office Government Auditing “Yellow Book” Standards. The time frame addressed covered activities of the Internal Department from July 1, 2009 through June 30, 2012.

Through discussions between APTA and PAAC staff, it was determined the review would be conducted September 24 – 27, 2012.

The peer review panel consisted of the following transit industry audit professionals;

PAULA BISHIR-JENSEN
Senior Internal Auditor
Capital Metro
Austin, Texas

KATHY KNOX
Director of Audit
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

GREG HULL
Director, Security and Operations Support
APTA (Staff Advisor & Support to the Peer Review Panel)

The panel convened in Pittsburgh, Pennsylvania on September 24, 2012. Panel coordination and logistical support was provided by APTA Staff Advisor Greg Hull. Greg Hull also coordinated panel member input in the drafting of this peer review report. Brenda Fink, Director of Internal Audit provided agency liaison support.

II. SCOPE AND METHODOLOGY

Methodology

The APTA peer review process engages highly experienced and respected audit professionals of the public transit industry who voluntarily provide their time and support to conduct required reviews. The peer review was conducted on site from September 24 to 27, 2012 with activities including observations, documentation review, and a series of briefings and interviews with relevant staff and stakeholders. Our methodology included:

- Reviewing the audit organization policies and procedures.
- Reviewing a sample of audits and attestation engagements workpapers and reports.
- Reviewing documents related to independence and staff continuing education.
- Interviewing audit staff and management, other PAAC personnel and a member of the Board of Directors.

Scope of Report

The scope of this review focused on evaluating the PAAC Internal Audit Program. The panel especially focused on the following areas:

- General Standards
 - Independence
 - Professional Judgment
 - Competence
 - Quality control and assurance
- Financial and Attestation Standards
- Performance Standards (including planning, supervision, evidence and reporting)

III. OPINION AS TO CONFORMITY TO STANDARDS

The peer review panel found that the Internal Audit Organization of the Port Authority of Allegheny County “**fully complies**” with the Government Auditing (Yellow Book) Standards as defined by the United States General Accountability Office. Policies and procedures are in place and were judged to be in accordance with generally accepted government auditing standards. We believe that Port Authority of Allegheny County Internal Audit Organization practices effective internal audit quality control procedures during the period under review and any deficiencies found in applying the policies and procedures are deemed minor.

While the Internal Audit Organization has worked diligently to establish a sound foundation of practices, there is an opportunity for improvement. We do not consider this point to be a significant deficiency in the Organization’s practices of professional auditing standards. However, implementation of our recommendation could improve the effectiveness of the audit operations.

IV. OBSERVATIONS AND RECOMMENDATIONS

Observation

The panel found improvements can be made in performing attestation engagements.

GAGAS 6.07 (b) “Attestation Standards” says when planning the engagement auditors should communicate the level of assurance the auditor will provide. There are three types of Attestation Engagements Examination, Review and Agreed Upon Procedures, as describe in GAGAS 1.23 and the AICPA Statement on Standards for Attestation Engagements. In the three Attestation Engagements reviewed, there was no evidence the Attestation Engagement level assurances was being communicated.

Recommendation

We recommend detailed training on AICPA Attestation Standards and the PAAC audit manual be updated to reflect levels of assurance for attestation engagements. This training can be acquired either through internal or external sources.

Senior Management Response

As of December 14, 2012, all internal auditors have completed training on the AICPA Attestation Standards and the PAAC audit manual has been updated to reflect levels of assurance for attestation engagements.

V. CONCLUDING REMARKS

The panel found that the Internal Audit Organization of the Port Authority of Allegheny County has put significant effort into establishing a base of standardized policies, procedures and practices that will guide the Organization's future activities.

The observations and recommendations provided by the panel are offered as an industry resource to assist PAAC as it develops its future organizational strategies. The panel will stand ready to clarify any of the findings and recommendations of this peer review.

APPENDIX



January 23, 2012

Mr. Greg Hull
Director – Security and Operations Support
American Public Transit Association
1666 K Street, NW
Washington, D.C. 20006-1215

Dear Mr. Hull:

This letter is to formally request a peer review of Port Authority of Allegheny County's Internal Audit Department to satisfy the requirement for a peer review as specified in the United States Government Accountability Office, Government Auditing Standards. The following is some relevant information concerning the request:

Contact Person:	Brenda Fink, Director of Internal Audit
Contact Number:	(412) 566-5127
Staff Size:	4 (2 senior auditors, 1 manager, 1 director)
Audits in Fiscal Years 2009 through 2011:	Financial – 14, Operational – 7, Contract – 3
Audit Standard:	Yellow Book
Proposed Time for Review:	May 2012 (for fiscal years 2009 through current)

Please let me know the steps to take to arrange for a peer review. If you have any questions or need additional information, please call me at (412) 566-5127.

Sincerely,

A handwritten signature in cursive script that reads "Brenda K. Fink".

Brenda Fink, Esq., CFE
Director of Internal Audit
bfink@portauthority.org
(412) 566-5127

Copy: Stephen Bland
Mike Cetra

Appendix B



Mr. Greg Hull
 Director – Security & Operations Support
 American Public Transportation Association
 1666 K Street
 Washington, DC 20006

September 13, 2012

Dear Mr. Hull:

I have prepared an agenda for the panel for the week of September 24th for your peer review of Port Authority of Allegheny County's Internal Audit department. The agenda spans two and a half days in the offices of the Internal Audit Department and allows time for interviews with officers, directors and managers of the agency as well as time to interview internal audit staff, review files and develop summary conclusions.

Monday September 24th

Time	Activity	Location
Afternoon	Panel arrives in Pittsburgh, PA	Marriott Courtyard, 945 Penn Avenue, Downtown Pittsburgh, PA

Tuesday September 25th

Time	Activity	Location
	Breakfast on your own	
8:30 – 8:45 a.m.	Introductions at Port Authority office –Brenda Fink, Director of Internal Audit and Sheila Winkfield, Manager of Internal Audit	PAAC offices, Port Authority Internal Audit Department, 345 Sixth Avenue, 3 rd Floor
8:45 – 11:00 a.m.	Interviews of Internal Audit staff and document reviews	Internal Audit office
11:00- 11:45 a.m.	Interview AGM Legal and Corporate Services Mike Cetra	Dogwood Conference Room
noon-1:00 p.m.	Lunch on your own	
1:00 – 1:30 p.m.	Interview with CEO Steve Bland	PAAC offices – Steve Bland's office
1:30 – 2:00	Break	
2:00 – 2:30 p.m.	Interview Director of Information Technology Services Willie Bedenbaugh	Dogwood Conference Room
2:15-2:45	Break	
2 nd 45 – 3:15	Interview Director of System Safety Mike Zamiska	Dogwood Conference Room
3:15 – 5:00 p.m.	Document review	Dogwood Conference Room
5:00	Dinner – group dinner with peer review team Brenda Fink and Sheila Winkfield	



Wednesday September 26th

Time	Activity	Location
	Breakfast on your own	
8:30 – noon a.m.	Work in Internal Audit offices	Dogwood Conference Room
noon -1:00 p.m.	Lunch on your own	
1:30 – 2:00 p.m.	Interview of Chief Operations Officer Bill Miller	PAAC offices – Bill Miller's office
2:00 – 2:15 p.m.	Break of additional time needed	
2:15 – 2:45 p.m.	Interview AGM Engineering and Technical Support Keith Wargo	Dogwood Conference Room
2:45 - 3:00 p.m.	Break or additional time needed	
3:00 – 3:30 p.m.	Interview Director of Purchasing and Materials Management Tony Trona	Dogwood Conference Room
3:30-5:00 p.m.	Interview I/A staff and/or document review	Dogwood conference room
5:00 p.m.	Dinner – on your own	

Thursday September 27th

8:30 a.m. – noon.	Work at the Internal Audit offices	Dogwood Conference Room
Noon – 1:00 p.m.	Lunch on your own	
1:00 p.m.	Meeting - oral report to Brenda Fink and Mike Cetra	Dogwood conference room
2:00 p.m.	Depart for airport	

It is a short walk from your hotel to Port Authority's offices. The directions below follow the most well-labeled streets to our offices (although not the shortest path due to the absence of street signs). A map is attached for your reference.

1. When leaving the hotel, make a right turn out of the hotel and walk down Penn Ave. to 7th Ave. and make a left onto 7th Ave. (or Charlie Gray Square). You will see the Benedum Center on your left.
2. Walk up to the first street (Liberty Ave.) and cross the street, 7th Ave. turns into Sixth Ave. when you cross Liberty Ave. (you will see the Port Authority "T"/Light rail station on the corner of Liberty and Sixth Ave.).
3. We are at 345 Sixth Ave. in the Heinz 57 Building. You must sign in at the front desk and get a visitor's pass. Proceed to Port Authority's offices on the 3rd floor of the Heinz 57 Center Building and check in with the receptionist there. We will meet you in the lobby on the 3rd floor.

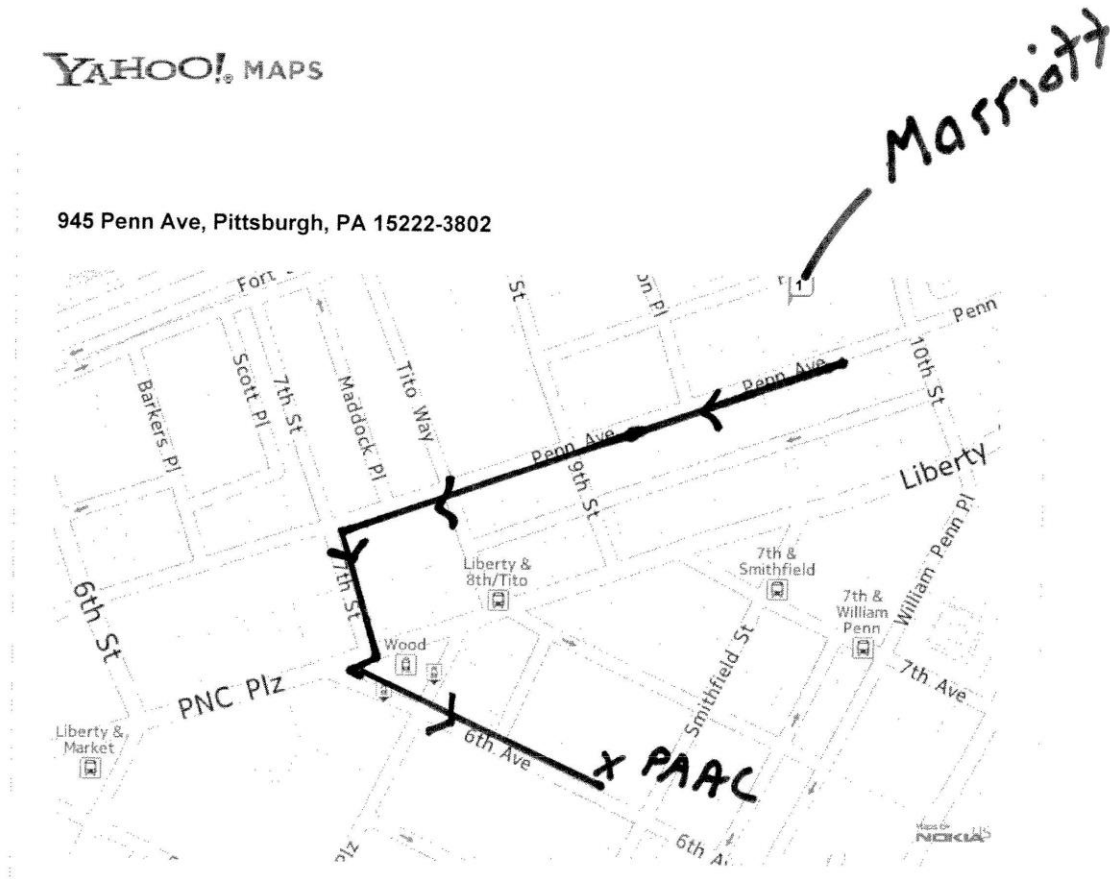
Please feel free to call me if there are any questions. I can be reached at 412-566-5127.

Sincerely,

Brenda Fink
Director of Internal Audit
412-566-5127

945 Penn Ave, Pittsburgh, PA 15222-3802

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<http://maps.yahoo.com/print?business=&location=945%20Penn%20Ave%2C%20Pittsburg> 9/11/2012

DOCUMENT LIST

1. Port Authority of Allegheny County Organization Chart
2. Port Authority of Allegheny County Internal Audit Department Procedures Manual
(May, 2012)
3. Samples of Investigation and Audit Reports of the Internal Audit Department , Port
Authority of Allegheny County (for time period July 1, 2009-June 30, 2012)
4. Staff Training/ Certification Records