



KPMG LLP
811 Main Street
Houston, TX 77002

March 14, 2018

The Board of Directors
Metropolitan Transit Authority of
Harris County, Texas

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Metropolitan Transit Authority of Harris County (the Authority), in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

During our audit we noted two matters involving internal control that are presented for your consideration. These comments and recommendations, which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operational efficiencies and are summarized as follows:

Continued Emphasis on Developing SAP Report Proficiencies

The Authority converted to the SAP ERP system as of October 1, 2016. In conducting the audit, we noted various instances where management was unable to easily extract certain data from SAP in a format that provided the information we required to conduct our audit procedures. The required data appears to be resident within SAP. Management identified work-around solutions to the various reporting matters that arose and provided the required information, but these workarounds would not be efficient long-term solutions. This observation only focuses on need for the Authority to develop and enhance its current suite of reports that are utilized to support the audit. However, the comment is equally relevant to the reporting requirements for ongoing monitoring of the Authority's day-to-day operations.

We recommend that the Authority's management require further training for staff and additional resources should be devoted to ensure the full array of SAP capabilities can be utilized.

Management Response

The Authority agrees and has assigned the responsibility to resolve these reporting issues to the Finance Department.

NTD AUP Report

On an annual basis the Authority is required to file a Federal Funding Allocation Data Review agreed upon procedures report with Federal Transit Administration (FTA) for the National Transit (NTD) Database. The report covers financial and operational information. The FTA requires the Authority to engage an independent certified public accountant conduct specified agreed upon procedures on an annual basis. In connection with our conduct of the current year agreed upon procedures, we identified certain challenges in the Authority's processes to accumulate the data for this report. We recognize that events such as Hurricane Harvey and changes in management had an impact on the data accumulation process.



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We recommend that management evaluate the processes and systems it currently utilizes for preparing its NTD submission for opportunities to improve the data accumulation process.

Management Response

The Authority agrees and has assigned the responsibility to resolve these process improvement issues to the Finance Department.

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Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Authority's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP