# STAFF REPORT

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| **MEETING DATE:** | **1/20/15** |
| **SUBJECT:** | **Award Audit Contracts** |
| **AGENDA ITEM:** | **4-1** |
| **STAFF CONTACT:** | **Dave Wallace, Chief Fiscal Officer** |

**STAFF RECOMMENDATION:**
It is recommended that the board:
1. Authorize the executive director to execute a three-year technical services agreement (TSA) for financial audits with The Pun Group for the years ending June 30, 2015, 2016 and 2017, not to exceed $61,208, for a term ending December 31, 2017; and authorize the executive director to execute a financial audit engagement letter; and
2. Authorize the executive director to execute a TSA for a triennial performance audit with PMC, not to exceed $22,582, for a term ending December 31, 2015.

**DISCUSSION:**
Transportation Development Act (TDA) regulations require annual financial and compliance audits of all claimant funds administered by SRTA, as well as triennial performance audits of SRTA and the Redding Area Bus Authority. In October 2014, staff issued two separate requests for proposals (RFP) to 36 certified public accounting firms and consulting firms throughout the state that have performed similar audits. Six firms submitted proposals for one or both of the audits.

SRTA received four proposals to provide annual financial audit services. Proposed fees for the three year period ranged from $58,440 to $75,000. All the firms submitting proposals have governmental audit experience. The Pun Group has the greatest amount of governmental audit experience. Staff is recommending The Pun Group perform the three annual financial audits at a cost of $61,208 for a three year period.

The five proposals for the triennial performance audit varied in estimated hours from 60 to 184. Fees ranged from $8,155 to $22,582. The number of triennial audit clients each firm has been engaged with ranged from one firm having one client to another firm having 24 clients. Triennial performance audits require exceptional knowledge of TDA regulations. In the past, SRTA spent significant time working with auditors in the interpretation of TDA regulations. This resulted in delays and minimal auditor observations. Staff is recommending that PMC perform the triennial performance audit based on their higher level of experience in triennial performance auditing and knowledge of TDA regulations.

**ALTERNATIVES:**
The board may choose a different auditor or circulate another RFP.

**OTHER AGENCY INVOLVEMENT:**
Completed audits are submitted to the California State Controller's Office and Caltrans.

**FINANCING:**
The agency will annually budget the financial audit fee in the Overall Work Program. The triennial performance audit will be completed in the 2015-16 fiscal year and will be budgeted in the 2015-16 Overall Work Program.

**Daniel S. Little, AICP, Executive Director**