REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
Authorize Executive Officer to Begin Request For Proposal (RFP) Process for Future Audits		02/25/03	3-5

RECOMMENDATION
It is recommended that the Agency:
1) Authorize the Executive Officer to prepare a Request for Proposal (RFP) and execute a contract with the successful Certified Public Accountant (CPA) to perform Compliance and Performance Audits for the Fiscal Years ending in 2003 through 2005.

SUMMARY
In accordance with the rules and regulations governing the Transportation Development Act (TDA) and state and federal planning funds, annual fiscal and compliance audits must be completed for the Transportation Planning Agency and each claimant, in addition to both the Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund.

Audit responsibilities are awarded on a 3-year basis. The contract with Nystrom and Company expired with the completion of the June 30, 2002 fiscal audits. A request for proposal must be submitted to area CPA firms for the fiscal years of 2003, 2004 and 2005.

DISCUSSION
The RTPA has engaged the Redding firm of Nystrom and Company for the last three years. At this time we have developed a good working relationship with this firm. Past practice has been to engage an auditor on a three-year basis. Unless directed otherwise, we are prepared to distribute an RFP similar to that used in the past. The RFP will be distributed to all CPA firms in the Redding area as well as those firms outside the area that have indicated a desire to be included. Price will be the most important criteria in selecting the successful bidder since we expect all bidders to be qualified CPA firms.

ALTERNATIVES
Identified alternatives to the Staff recommendation are:

1) Do not distribute RFP and award future audit engagements to the existing auditor, Nystrom and Company. Whereas we have enjoyed our relationship with this firm, we feel very strongly in testing the market for professional services. We fully expect Nystrom and Company to submit a bid for this engagement. Agreeing on a price can be problematic. Through this process the market for these services will determine a fair price.

2) Distribute separate RFP's for fiscal and compliance audits and performance audits. This alternative is not recommended due to the cost associated with hiring specialized consultants. It is estimated that the cost to engage a specialized consultant to perform performance audits of the RTPA and of RABA would be about $50,000. The cost to perform the most recent performance audits was $5,100.

OTHER AGENCY INVOLVEMENT

Upon acceptance, the audits will be forwarded to the State Controller's Office.

FINANCING

The submittal of the fiscal audit will have no financial impact. The cost of future audits can be determined after the RFP is distributed and responses received.

FOR Daniel J. Kovacich, Executive Officer

SLC/jac

Attachment: Request for Proposal

REQUEST FOR PROPOSAL
FOR
FINANCIAL, COMPLIANCE AND PERFORMANCE AUDIT SERVICES
SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY
FOR FISCAL YEARS ENDING IN 2003, 2004 AND 2005

I. PURPOSE OF RFP

The Shasta County Regional Transportation Planning Agency (SCRTPA) is the designated Regional Transportation Planning Agency (RTPA) for Shasta County.

As the designated RTPA, SCRTPA has annual and triennial responsibilities to perform fiscal and compliance audits and performance audits as stipulated in the Transportation Development Act of 1971, as amended. These audits for the year(s) ended June 30 shall be completed and submitted to SCRTPA and State of California by November 30 of that year.

The objective of the audits is to meet and/or exceed the requirements of Sections 99245 and 99246 of the Public Utilities Code (PUC) and the California Code of Regulations (CCR), Title 21, Chapter 3, Subchapters 2 and 2.5.

Relevant CCR sections are 6661 in Article 5, Sections 6662 and 6662.5, 6663, 6664, 6664.5, 6666, 6667 in Article 5.5 and Section 6751 in Subchapter 2.5, Article 5.

II. SERVICES REQUESTED

The SCRTPA seeks an individual or firm to provide the following services for the claimants, funds and agencies listed on Exhibit A, attached. See Exhibit B for a description of each claimant, fund and agency.

A. Financial and Compliance Audit

The audits of financial statements shall be conducted in accordance with generally accepted auditing standards. The audit shall also be directed toward obtaining knowledge of the claimants compliance or non-compliance with the Act and the auditor shall perform the tasks as specified below.

The audit report shall include, with the financial statements for the fiscal year that is the subject of the audit, the corresponding amounts from the claimant's audited financial statements for the fiscal year prior to the year that is the subject of the audit.

The audit report shall include a certification of compliance with the Act. The certification shall take the form of a statement that the funds allocated to and received by the claimant pursuant to the Act were, with any exceptions specifically noted, expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of the RTPA. An unqualified negative statement (e.g. "no violation of the law was brought to our attention") shall not be accepted. The certification may take the form of a negative assurance, however, if it makes reference to the performance by the independent auditor of each of the tasks specified in Section 6666 or 6667.

1. <u>Non-Transit Claimants</u>

   In conducting the compliance portion of the audit specified in Section 6664 for a non-transit claimant, the independent auditor shall perform at least the following tasks (CCR 6666).

   a. Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those qualifying purposes, including Public Utilities Code Section 99402 for streets and road claimants.

   b. Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency, and in compliance with the allocation instructions.

   c. Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code Sections 99301 and 99301.5.

2. <u>Transit Claimants</u>

   In conducting the compliance portion of the audit specified in Section 6664 for an operator or transit service claimant, the independent auditor shall perform at least the following tasks (CCR 6667):

   a. Determine whether the claimant was an entity eligible to receive the funds allocated to it. This determination should be made with reference to the section of the Act under which the funds were allocated and to the definitions in Article 1 of the Act.

   b. Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis or is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller pursuant to Public Utilities Code Section 99243.

c. Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the act specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4, Sections 99275, 99275.5 and 99277(c), (d) and (e) for Article 8 claimants for service provided under contract, and Section 99405(d) for transportation services provided by cities and counties with populations of less that 5,000.

d. Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations and procedures of the SCRTPA and in compliance with the allocation instructions and resolutions.

e. Determine whether interest earned on funds received by the claimant pursuant to the Act was expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code Section 99301.

f. Verify the amount of the claimant's operating costs (as defined by Section 6611.1) for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in Sections 6633.2.

g. Verify the amount of the claimant's actual fare revenues (as defined by Section 6611.2 and by Public Utilities Code Section 99205.7) for the fiscal year.

h. Verify the amount of the claimant's actual local support (as defined by Section 6611.3 for the fiscal year.

i. In the case of an operator, determine whether the operator's employee retirement system is in accordance with the provisions of Public Utilities Code Sections 99271, 99272 and 99273.

j. In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251.

k. In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7.

1. In the case of a claimant for community transit services determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

3. Local Transportation Fund, State Transit Assistance Fund

The audits shall be conducted in accordance with generally accepted auditing standards.

a. Local Transportation Fund

The statements shall include, but not be limited to,
(a) a balance sheet,
(b) a statement of revenues, expenditures during the fiscal year,
(c) a statement of changes in the fund balance, and
(d) supplementary schedules as necessary to list or identify (1) the amounts disbursed during the fiscal year for each of the allocation purposes specified in the Act, (2) any portion of the fund balance that is allocated or reserved, and (3) any interest or other income earned by investment of the fund during the fiscal year.

In the financial statements, the local transportation fund shall not be commingled with state transit assistance fund, nor with planning subventions from the Transportation Planning and Development Account, nor with any other revenues or funds of the transportation planning agency or of any city, county or other agency.

b. State Transit Assistance Fund

The statements shall include, but not be limited to,
(a) a balance sheet,
(b) a statement of revenues, expenditures during the fiscal year,
(c) a statement of changes in the fund balance, and
(d) supplementary schedules as necessary to list or identify
(1) the amounts disbursed during the fiscal year for each of the allocation purposes specified in Sections 6730 and 6731,
(2) any portion of the fund balance that is allocated or reserved,
(3) any interest or other income earned by investment of the fund during the fiscal year,
(4) any amounts included in the fund balance that are apportioned to an operator pursuant to Section 6721, and
(5) any amounts that have been transferred or that have been received as a result of a transfer as authorized by Section 99313.1.

4. Shasta County Regional Transportation Planning Agency

An audit of SCRTPA's account and records is requested for fiscal years 2002/2003, 2003/2004 and 2004/2005. The audit shall be performed in accordance with the Single Audit Procedure Guide for Local Governments issued by the California State Controller's Office and shall include a determination of compliance with the Act and the Administrative Rules and Regulations.

B. Triennial Performance Audit

1. Transit Operators

The following information for a Performance Audit is requested for each entity listed on Exhibit A for the three year period ending June 30, 2003. The California Department of Transportation's Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities will be the basis for conducting the necessary performance audits.

(a) Performance Indicator Analysis

Verification of data on key indicators of transit performance as indicated in Section 99246 of the Public Utilities Code, as follows:

(1) Operating cost per vehicle service hour
(2) Vehicle service hour per employee
(3) Operating cost per passenger
(4) Passengers per vehicle service mile
(5) Passengers per vehicle service hour

These indicators should be used in evaluating the type of service offered by each transit operator.

The final project report should contain an explanation of the key indicators compiled, display the indicators in the table format, and contain a brief statement of how the audit was conducted. The data should be organized in such a manner that it can serve the management and policy board for each transit operator.

(b) Additional Areas of Interest

SCRTPA also requests the audit to include an analysis of the effectiveness and efficiency of the system's organizations structure, vehicle maintenance program, and driver training program.

2. Determine Compliance with Legal and Regulatory Requirements

With respect to the performance audit of the SCRTPA the consultant will be required to review and determine the SCRTPA's compliance with the Transportation Development Act and related sections of the California Administrative Code. The specific Code Sections for which compliance is to be verified are those specified within the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities. Should the consultant identify instances of non-compliance, a finding regarding the non-compliance should be made in the audit report.

Follow-Up on Prior Performance Audit Recommendations

The consultant will review the most recent prior performance audit for the SCRTPA for the three year period ending June 30, 2000, and assess the implementation of audit recommendations. The auditor will need to make determinations as to whether recommendations, which have not been implemented, are (a) no longer applicable, (b) infeasible, or (c) should still be implemented. If a prior audit recommendation has not been implemented but still has merit, the consultant should include the prior audit recommendation in the current audit report. The consultant will evaluate recommendations, which have been implemented or are being implemented. For these recommendations, the consultant should assess the benefits provided (or likely to be provided) by the recommendation. Significant accomplishments in implementing prior recommendations should be recognized.

Review RTPA Functions

The consultant will review each SCRTPA TDA-related function, consistent with the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities. The functional review is expected to include interviews with the SCRTPA's management, staff, and governing board, as well as with operators under the SCRTPA's jurisdiction. Supplemental interviews with other regional agencies, and State or Federal agencies may be appropriate to gather more detailed information about areas of concern. Concerns over inefficient or ineffective SCRTPA performance may be raised by:

- SCRTPA and operator interviews concerning SCRTPA functions;
- Documents, such as the Regional Transportation Plan, and adopted policies and procedures for evaluating TDA claims;
- Follow-up of prior performance audits; and
- Review of SCRTPA compliance with statutory and regulatory requirements.

Such concerns of inefficient or ineffective performance should lead to further investigation. The detailed investigation of functional concerns, problems and potential improvements should make up the basis of most findings in the audit report.

3. Required Deliverables

The consultant must provide 2 copies of a draft report to the SCRTPA Executive Officer for review and comment prior to finalization. After the SCRTPA and RABA review and comment upon the draft, the consultant must deliver up to 7 bound copies and one loose-leaf copy of a final written report to the SCRTPA. The report must address each of the performance audit project requirements outlined above, and must be delivered no later than June 30, 2004.

III. PROPOSAL FORMAT

A qualifying proposal must address all of the following points, in the order shown below:

A. A brief description of the consultant's firm, including the year the firm was established, type of organization for firm (partnership, corporation, etc.), and size variation in the last five years, along with a statement of the firm's qualification for performing the subject consulting services.

B. A brief summary of the firm's experience with similar projects.

C. The firm's proposed work plan and time schedule.

D. The proposed method and amount of compensation for the triennial performance audit and for each of the three years for the financial and compliance audits.

E. The portion, if any, of the total project for which your firm will require the services of a subcontracting firm.

F. A list of references for similar projects, including contact person and phone number.

IV. PROPOSAL SUBMITTAL

The Proposal shall be received no later than May 1, 2003, 5:00 p.m., at Shasta County Department of Public Works, 1855 Placer Street, Redding, California, 96001.

All proposals shall be submitted in a sealed envelope which is clearly marked "RFP FOR SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY."

All proposals, whether selected or rejected, shall become the property of SCRTPA.

V. SELECTION PROCEDURE

An evaluation committee will review each proposal for completeness and the responding firms may be invited for personal interviews prior to final selection to further elaborate on their proposals.

The SCRTPA reserves the right to award a contract to the firm or individual that presents the proposal which, in the sole judgment of the SCRTPA, best accomplishes the desired results.

The SCRTPA reserves the right to reject any or all proposals, or to waive minor irregularities in said proposals.

The SCRTPA reserves the right to negotiate minor deviations to the proposal(s) with the successful firm. The SCRTPA anticipates entering into a multiple-year contract, if agreeable to both parties.

VI. CONFLICT OF INTEREST

Bidder warrants and covenants that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of the resulting contract, nor that any such person will be employed in the performance of such contract without immediate divulgence of such fact to the County.

VII. FISCAL OUT CLAUSE

The Agreement may be terminated at the end of any fiscal year, June 30th, without further liability other than payments incurred during such fiscal year, should funds not be appropriated by its governing body to continue services for which the agreement was intended.

VIII. INDEMNIFICATION

For any injury or death, or damage to property, caused by the Contractor shall defend, indemnify and hold the Shasta County Regional Transportation Planning Agency and the County of Shasta harmless.

If any judgment is rendered against the Agency or County for any injury, death or damage caused by the Contractor in the performance of this contract, the Contract shall, at his own expense, satisfy and discharge any judgment.

Neither of the foregoing paragraphs shall be applicable if the injury, death or damage is caused solely by the SCRTPA negligence.

As used above, the terms "County" or "Agency" mean the County of Shasta or Shasta County Regional Transportation Planning Agency or its officers, agents or employees.

IX. INQUIRIES

Direct all inquiries regarding the Scope of Work or proposal submission or the RFP process to:

Daniel J. Kovacich, Executive Officer
Shasta County Regional
Transportation Planning Agency
1855 Placer Street
Redding, CA 96001

Daniel J. Kovacich, Executive Officer
Shasta County Regional Transportation
Planning Agency

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CONTRACT FOR AUDIT SERVICES

SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY

CLAIMANTS, FUNDS AND AGENCIES TO BE AUDITED

ANNUAL FISCAL AND COMPLIANCE AUDITS

Claimants

City of Shasta Lake - Non-Transit
County of Shasta - Non-Transit

Funds

State Transit Assistance Trust Fund (Fund 922)
Local Transportation Trust Fund (Fund 919)
Shasta County Transit Fund (Fund 193)
Shasta County Regional Transportation Planning Agency
- Administration (Fund 892)

Agencies

Shasta County Regional Transportation Planning Agency
(Includes State Subvention Funds and Audit Requirements under the Office of Management and Budget, Circular A-128, if applicable)

PERFORMANCE AUDITS FOR THE YEAR ENDED JUNE 30, 2003

Shasta County Regional Transportation Planning Agency
Redding Area Bus Authority

EXHIBIT B

DESCRIPTION OF CLAIMANTS, FUNDS, OPERATORS AND AGENCIES

County of Shasta

For the fiscal year ended June 30, 2003, the County of Shasta will receive $1,994,013 from the Local Transportation Fund (LTF). These funds are claimed and accounted for by the Shasta County Road Department on behalf of the County. The distribution from the LTF is designated to be used for Streets and Roads purposes, Burney Express Route, and Purchased Transportation such as vanpool subsidy and Lifeline Services.

Approximately $2,289,570 of the LTF funds and all of the STA funds are passed through to the Redding Area Bus Authority (RABA) to be used to provide transit services.

The fiscal audit for the year ended June 30, 2001 did not contain any Findings and Recommendations.

City of Redding

For the fiscal year ended June 30, 2003, the City of Redding will receive $2,535,740 from the LTF and $136,560 from the STA. The distribution from the LTF is designated to be used for "Transit Contingency." Approximately $1,885,066 of the LTF funds and all of the STA funds are passed through to the Redding Area Bus Authority (RABA) to be used to provide transit services.

The fiscal and compliance audit for the year ended June 30, 2001 did not contain any Findings and Recommendations.

City of Anderson

For the fiscal year ended June 30, 2003, the City of Anderson will receive $284,346 from the LTF and $15,146 from the STA. $100,808 of the LTF and all of the STA funding is to fund RABA. The remainder is designated for Streets and Roads Purposes.

The fiscal and compliance audit for the year ended June 30, 2001 for TDA funds claimed by the City of Anderson did not contain any Findings and Recommendations.

City of Shasta Lake

For the fiscal year ended June 30, 2003, the City of Shasta Lake will receive $282,004 from the LTF and $15,187 from the STA. $111,684 of the LTF and all of the STA funding are passed through to the Redding Area Bus Authority (RABA) to be used to provide transit services. The remainder is designated for Streets and Roads Purposes.

Shasta County Consolidated Transportation Services Agency

For the fiscal year ended June 30, 2003, the Shasta County Consolidated Transportation Services Agency will receive $278,839 from the Local Transportation Fund. Of this amount, $266,839 is claimed to be used to pay for contract services for senior citizens provided by the Shasta Senior Nutrition program.

The fiscal and compliance audit for the year ended June 30, 2001 did not contain any Findings and Recommendations.

Local Transportation Fund

The Local Transportation Fund is the accounting mechanism that administers the LTF funds apportioned to Shasta County. The aggregate of normal distributions will be about $5,576,772.

The fiscal and compliance audit for the year ended June 30, 2001 did not contain any Findings or Recommendations.

State Transit Assistance Fund

The State Transit Assistance fund is the accounting mechanism that administers the STA funds apportioned to Shasta County. The amount expected to be distributed to claimants for the 2002/2003 fiscal year is $274,278.

The fiscal and compliance audit for the year ended June 30, 2001 did not contain any Findings or Recommendations.

Shasta County Regional Transportation Planning Agency

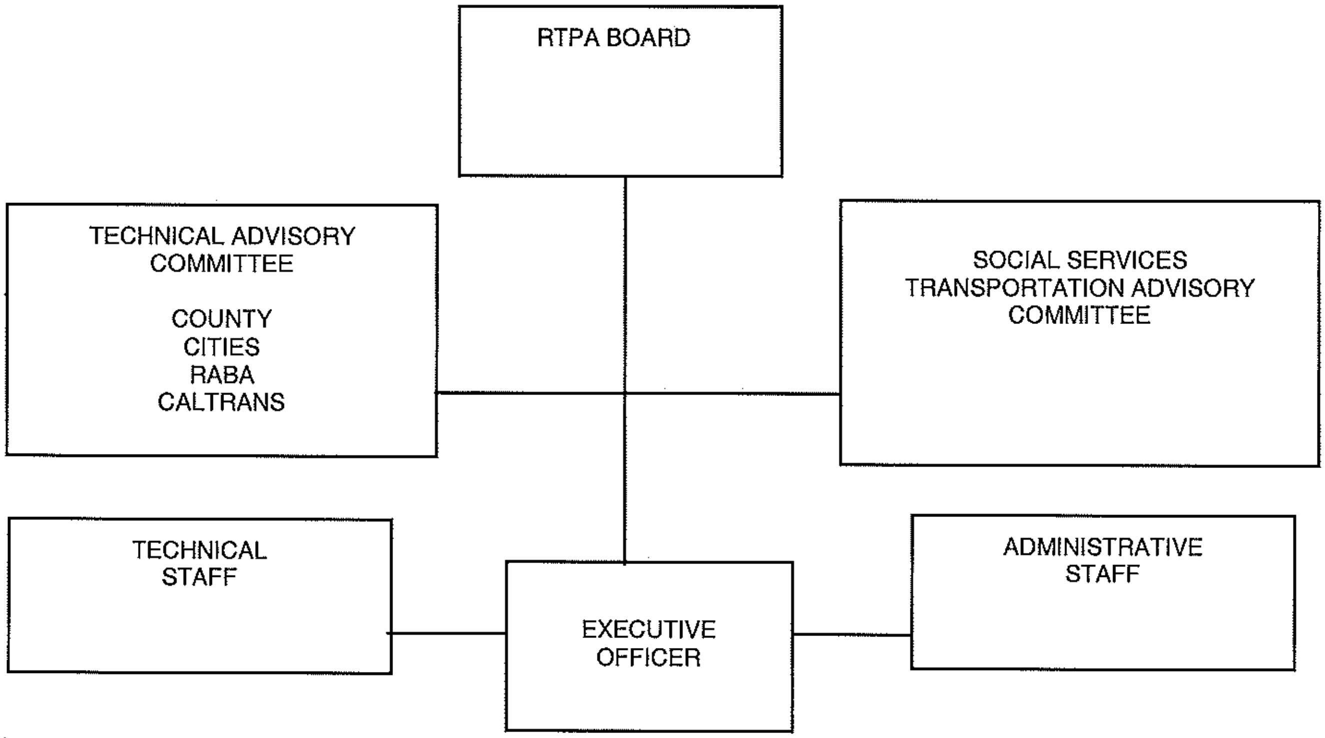
The Shasta County Regional Transportation Planning Agency (SCRTPA) is the designated Metropolitan Planning Organization for Shasta County. The SCRTPA is administered by a seven member board, as shown on attached organizational chart. In addition to administering TDA funds that are disbursed to claimants, this entity received other Federal and State grants and subventions. The Overall Work Program for 2002/2003 adopted by the SCRTPA reflects total resources of $957,372 from all sources. Federal Highway Administration will provide $616,456. Federal Transit Assistance will provide $88,512, TDA funds will provide $204,938 for Administration, and the remainder ($47,466) comes from local match.

For a further understanding of the SCRTPA, please see contact the Agency for a detailed prospectus of the SCRTPA.

The fiscal and compliance audit for the year ended June 30, 2001 for the Shasta County Regional Transportation Planning Agency did not contain any Findings and Recommendations.

ORGANIZATION CHART

SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY



RTPA BOARD

Shasta County Supervisors (3)
Redding City Council (1)
Shasta Lake City Council (1)
Anderson City Council (1)
Redding Area Bus Authority (1)

EXECUTIVE OFFICER

Shasta County Department of Public Works Director or appointee approved by the Board

TECHNICAL ADVISORY COMMITTEE

Shasta County staff (2)
Redding City staff (2)
Shasta Lake City staff (2)
Anderson City staff (2)
Air Quality Management District (1)
Redding Area Bus Authority (1)
Redding Airports (1)
Caltrans (1)

SOCIAL SERVICE TRANS ADVISORY COMMITTEE

Eight members representing the elderly, handicapped, and low income populations, and the Consolidated Transportation Service Agency (CTSA)

STAFF

(Shasta County DPW)

TECHNICAL (Part-time RTPA)

Assistant Director
Senior Public Works Planner (2)
Associate Public Works Planner

ADMINISTRATIVE

Deputy Public Works Director - Adm.
Accountant Auditor II
Administrative Secretary II

SHASTA COUNTY RTPA - ORGANIZATION FOR PLANNING

DECISION LEVEL	DECISION ELEMENTS	FUNCTIONS
Policy	RTPA Governing Board	Policy Formulation, Director
	Executive Officer	Policy advisory
	Social Service Transportation Advisory Council	Transit/paratransit needs review, evaluation, policy recommendations
Program	Technical Advisory Committee	Program/project review and evaluation
Project	Technical Staff	Program/project development and monitoring
	Administrative Staff	Program/project accounting and reporting
Operational	Shasta County	Project implementation, monitoring and reporting
	City of Redding	ditto
	City of Shasta Lake	ditto
	City of Anderson	ditto
	Redding Area Bus Authority	ditto