REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
Award Audit Engagement for Fiscal and Compliance, and Performance Audits		4/28/09	4-8

RECOMMENDATION

It is recommended that the Board:

1. Award a three-year audit engagement to the firm of Hathaway & Ksenzulak, LLP for fiscal and compliance, and performance audits for fiscal years ending June 30, 2009, 2010, and 2011; and
2. Authorize the Executive Director to execute an agreement with Hathaway & Ksenzulak, not to exceed $40,500, for a term ending December 31, 2011.

SUMMARY

Hathaway & Ksenzulak, LLP submitted the low bid for the financial and compliance, and performance audits.

DISCUSSION

Transportation Development Act regulations require annual financial and compliance audits of all claimants and funds administered by the RTPA, and triennial performance audits of the RTPA and the Redding Area Bus Authority (RABA).

Staff contacted certified public accounting firms in the Redding area and distributed requests for proposals (RFP) to 37 accounting firms. Four proposals were submitted, as follows:

	Hathaway & Ksendulak	Don Reynolds	Nystrom & Co.	PMC
RTPA Performance Audit	$ 4,500	$ 9,000	$ 3,000	$ 9,900
RABA Performance Audit	Included above	Included above	$ 4,000	Included Above
Financial Audit 2009	$ 11,500	$ 11,000	$ 16,000	No Proposal
Financial Audit 2010	$ 12,000	$ 11,500	$ 16,600	No Proposal
Financial Audit 2011	$ 12,500	$ 11,500	$ 17,200	No Proposal
Total Proposal	$ 40,500	$ 43,000	$ 56,800	$ 9,900

The bid from PMC did not include financial and compliance audits, a requirement of the RFP. Hathaway & Ksendulak, LLP, of Redding, submitted the lowest bid. The firm appears qualified to perform the requested services.

It is recommended that the Board authorize the Executive Director to execute an agreement with Hathaway & Ksenzulak, not to exceed $40,500, for a term ending December 31, 2011.

ALTERNATIVES

The Board could choose to award the contract to another bidder. This alternative would increase the cost of the audits. Although the Board has had no prior audit experience with the firm of Hathaway and Ksendulak, the firm has performed audits for other public agencies.

OTHER AGENCY INVOLVEMENT
This item has been reviewed by the Technical Advisory Committee (TAC). TAC recommends approval.

FINANCING
These audits are paid from TDA funds and are included in the Overall Work Program budget.

Daniel S. Little, AICP, Executive Director

DSL/SLC/jac

Attachment: Hathaway & Ksenzulak Personal Services Agreement

PERSONAL SERVICES AGREEMENT BETWEEN THE SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY AND HATHAWAY & KSENZULAK, LLP

This agreement is entered into between the Shasta County Regional Transportation Planning Agency ("SCRTPA") and Hathaway & Ksenzulak, LLP ("Consultant"), a limited liability partnership, for auditing services for the years ending June 30, 2009, 2010, and 2011.

1. RESPONSIBILITIES OF CONSULTANT.

A. Pursuant to the terms and conditions of this agreement, Consultant shall perform financial and compliance audits for the years ending June 30, 2009, 2010, and 2011 for the agencies, funds, and claimants as presented in the request for proposal (Attachment A).

B. Audits of the financial statements shall be performed in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, *Audits of State and Local Governments*, and all other applicable standards.

C. The audit engagement shall include single audits of the Metropolitan Planning Organization (MPO) fund of the SCRTPA for the years ending June 30, 2009, 2010, and 2011.

D. Financial and compliance audits shall be completed by October 15 of each year.

E. In addition, the audit engagement shall include a triennial performance audit for both the SCRTPA and the Redding Area Bus Authority for the three years ending June 30, 2009. Audits shall conform to the requirements contained in the Transportation Development Act, California Public Utilities Code, and the California Code of Regulations concerning transportation planning agencies and transit operators. Performance audits for the SCRTPA and Redding Area Bus Authority shall be completed by June 30, 2010.

2. RESPONSIBILITIES OF THE SCRTPA.

The SCRTPA agrees to provide the Consultant with audit information necessary to conduct financial and compliance audits by August 15 of each year.

The SCRTPA shall compensate Consultant as prescribed in Section 3 of this agreement and shall monitor the outcomes achieved by Consultant.

3. BILLING AND PAYMENT.

Consultant shall be paid up to $40,500.00 for the services described in this agreement.

Consultant shall submit to the SCRTPA contract administrator within five days after completion of each of the services prescribed in Section 1, an itemized statement or invoice of services rendered. The SCRTPA shall make payment within 30 days of receipt of Consultant's correct and approved statement or invoice.

4. TERM OF AGREEMENT.

This agreement shall commence as of the date it has been signed by both parties and shall end December 31, 2011.

5. TERMINATION OF AGREEMENT.

A. If Consultant materially fails to perform Consultant's responsibilities under this agreement to the satisfaction of the SCRTPA, or if Consultant fails to fulfill in a timely and professional manner Consultant's responsibilities under this agreement, or if Consultant violates any of the terms or provisions of this agreement, then the SCRTPA shall have the right to terminate this agreement for cause effective immediately upon the SCRTPA giving written notice thereof to Consultant. If termination for cause is given by the SCRTPA to Consultant and it is later determined that Consultant was not in default or the default was excusable, then the notice of termination shall be deemed to have been given without cause pursuant to Paragraph B of this section.

B. The SCRTPA may terminate this agreement without cause on 30 days written notice to Consultant.

C. The SCRTPA or Consultant may terminate this agreement immediately upon oral notice should funding cease or be materially decreased during the term of this agreement.

D. The SCRTPA's right to terminate this agreement may be exercised by the Executive Director.

E. Should this agreement be terminated, Consultant shall promptly provide to the SCRTPA any and all finished and unfinished reports, data, studies, photographs, charts, and other documents prepared by Consultant pursuant to this agreement.

F. If this agreement is terminated, Consultant shall only be paid for services satisfactorily completed and provided prior to the effective date of termination.

6. ENTIRE AGREEMENT; AMENDMENTS; HEADINGS.

A. This agreement supersedes all previous agreements relating to the subject of this agreement and constitutes the entire understanding of the parties hereto. Consultant shall be entitled to no other benefits other than those specified herein. Consultant specifically acknowledges that in entering into and executing this agreement, Consultant relies solely upon the provisions contained in this agreement and no others.

B. No changes, amendments or alterations to this agreement shall be effective unless in writing and signed by both parties. However, minor amendments that do not result in a substantial or functional change to the original intent of this agreement and do not cause an increase to the maximum amount payable under this agreement may be agreed to in writing between Consultant and the SCRTPA Executive Director.

C. The headings that appear in this agreement are for reference purposes only and shall not affect the meaning or construction of this agreement.

7. NONASSIGNMENT OF AGREEMENT; NON-WAIVER.

Inasmuch as this agreement is intended to secure the specialized services of Consultant, Consultant may not assign, transfer, delegate, or sublet any interest herein without the prior written consent of the SCRTPA. The waiver by the SCRTPA of any breach of any requirement of this agreement shall not be deemed to be a waiver of any other breach.

8. EMPLOYMENT STATUS OF CONSULTANT.

Consultant shall, during the entire term of this agreement, be construed to be an independent contractor, and nothing in this agreement is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow the SCRTPA to exercise discretion or control over the professional manner in which Consultant performs the work or services that are the subject matter of this agreement; provided, however, that the work or services to be provided by Consultant shall be provided in a manner consistent with the professional standards applicable to such work or services. The sole interest of the SCRTPA is to insure that the work or services shall be rendered and performed in a competent, efficient, and satisfactory manner. Consultant shall be fully responsible for payment of all taxes due to the State of California or the federal government that would be withheld from compensation if Consultant were the SCRTPA employee. The SCRTPA shall not be liable for deductions for any amount for any purpose from Consultant's compensation. Consultant shall not be eligible for coverage under the SCRTPA's workers' compensation insurance plan nor shall Consultant be eligible for any other SCRTPA benefits. Consultant must issue W-2 and 941 Forms for income and employment tax purposes, for all of Consultant's assigned personnel under the terms and conditions of this agreement.

9. INDEMNIFICATION.

Consultant shall defend, hold harmless, and indemnify SCRTPA, its elected officials, officers, employees, agents, and volunteers against all claims, suits, actions, costs, expenses (including but not limited to reasonable attorney's fees of the SCRTPA Counsel and counsel retained by the SCRTPA, expert fees, litigation costs, and investigation costs), damages, judgments, or decrees by reason of any person's or persons' injury, including death, or property (including property of the SCRTPA) being damaged by the negligent acts, willful acts, or errors or omissions of the Consultant or any of Consultant's subcontractors, any person employed under Consultant, or under any subcontractor, or in any capacity during the progress of the work or the provision of services pursuant to this agreement, except when the injury or loss is caused by the sole negligence or intentional wrongdoing of the SCRTPA. Consultant shall also defend and indemnify the SCRTPA for any adverse determination made by the Internal Revenue Service or the State Franchise Tax Board and/or any other taxing or regulatory agency and shall defend, indemnify, and hold harmless the SCRTPA with respect to Consultant's "independent contractor" status that would establish a liability on the SCRTPA for failure to make social security deductions or contributions or income tax withholding payments, or any other legally mandated payment.

For professional services provided under this agreement, Consultant shall indemnify, defend, and hold harmless the SCRTPA, its elected officials, officers, employees, agents, and volunteers from and against any and all claims, demands, actions, losses, liabilities, damage, and costs, including reasonable attorneys' fees, arising out of or resulting from the negligent performance of the professional services provided under this agreement or from recklessness or willful misconduct.

10. <u>INSURANCE COVERAGE</u>.

A. Consultant and any subcontractor shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain continuously during the term of this agreement Commercial General Liability Insurance, including coverage for owned and non-owned automobiles, and other insurance necessary to protect the SCRTPA and the public with limits of liability of not less than $1 million combined single limit bodily injury and property damage; such insurance shall be primary as to any other insurance maintained by the SCRTPA.

B. Consultant and any subcontractor shall obtain and maintain continuously required Workers' Compensation and Employer's Liability Insurance to cover Consultant, subcontractor, Consultant's partner(s), subcontractor's partner(s), Consultant's employees, and subcontractor(s) employees with an insurance carrier authorized to transact business in the State of California covering the full liability for compensation for injury to those employed by Consultant or subcontractor. Consultant hereby certifies that Consultant is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to insure against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and Consultant shall comply with such provisions before commencing the performance of the work or services prescribed in this agreement.

C. Consultant shall obtain and maintain continuously a policy of Errors and Omissions coverage with limits of liability of not less than $1 million.

D. Consultant shall require subcontractors to furnish satisfactory proof to the SCRTPA that liability and workers' compensation and other required types of insurance have been obtained and are maintained similar to that required of Consultant pursuant to this agreement.

E. With regard to all insurance coverage required by this agreement:

(1) Any deductible or self-insured retention exceeding $25,000 for Consultant or subcontractor shall be disclosed to and be subject to approval by the SCRTPA Risk Manager prior to the effective date of this agreement.

(2) If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Consultant or subcontractor shall maintain such insurance coverage with an effective date earlier or equal to the effective date of this agreement and continue coverage for a period of three years after the expiration of this agreement and

any extensions thereof. In lieu of maintaining post-agreement expiration coverage as specified above, Consultant or subcontractor may satisfy this provision by purchasing tail coverage for the claims-made policy. Such tail coverage shall, at a minimum, provide coverage for claims received and reported three years after the expiration date of this agreement.

(3) All insurance (except workers' compensation and professional liability) shall include an endorsement or an amendment to the policy of insurance that names *the SCRTPA, its elected officials, officers, employees, agents, and volunteers as additional insureds* and provides that coverage *shall not be reduced or canceled without 30 days' written prior notice certain to the SCRTPA.* The additional insureds coverage shall be equal to Insurance Service Office endorsement CG 20 10 for on-going operations, and CG 20 37 for completed operations.

(4) Each insurance policy (except for workers' compensation and professional liability policies), or endorsement thereto, shall contain a "separation of insureds" clause which shall read:

"Separation of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each suit insured against whom a claim is made or suit is brought."

(5) Consultant shall provide the SCRTPA with an endorsement or amendment to Consultant's policy of insurance as evidence of insurance protection before the effective date of this agreement.

(6) The insurance required herein shall be in effect at all times during the term of this agreement. In the event any insurance coverage expires at any time during the term of this agreement, Consultant shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this agreement or for a period of not less than one year. In the event Consultant fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this agreement, the SCRTPA may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.

(7) If the endorsement or amendment does not reflect the limits of liability provided by the policy of insurance, Consultant shall provide the SCRTPA a certificate of insurance reflecting those limits.

11. NOTICE OF CLAIM/APPLICABLE LAW/VENUE.

A. If any claim for damages is filed with Consultant or if any lawsuit is instituted concerning Consultant's performance under this agreement and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect the SCRTPA, Consultant shall give prompt and timely notice thereof to the SCRTPA. Notice shall be prompt and timely if given within 30 days following the date of receipt of a claim or 10 days following the date of service of process of a lawsuit.

B. Any dispute between the parties, and the interpretation of this agreement, shall be governed by the laws of the State of California. Any litigation shall be venued in Shasta County.

12. COMPLIANCE WITH LAWS; NON-DISCRIMINATION.

A. Consultant shall observe and comply with all applicable federal, state, and local laws, ordinances, and codes that relate to the work or services to be provided pursuant to this agreement.

B. Consultant shall not discriminate in employment practices or in the delivery of services on the basis of race, color, creed, religion, national origin, sex, age, marital status, sexual orientation, medical condition (including cancer, HIV and AIDS) physical or mental disability or use of family care leave.

C. Consultant represents that Consultant is in compliance with and agrees that Consultant shall continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12101, *et seq.*), the Fair Employment and Housing Act (Government Code Sections 12900, *et seq.*), and regulations and guidelines issued pursuant thereto.

13. ACCESS TO RECORDS/RETENTION.

The SCRTPA, federal, and state officials shall have access to any books, documents, papers, and records of Consultant that are directly pertinent to the subject matter of this agreement for the purpose of auditing or examining the activities of Consultant or the SCRTPA. Except where longer retention is required by federal or state law, Consultant shall maintain all records for five years after the SCRTPA makes final payment hereunder.

14. CONSULTANT'S COMPLIANCE WITH CHILD, FAMILY AND SPOUSAL SUPPORT REPORTING OBLIGATIONS.

Consultant's failure to comply with state and federal child, family, and spousal support reporting requirements regarding Consultant's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family, and spousal support obligations shall constitute a default under this agreement. Consultant's failure to cure such default within 90 days of notice by the SCRTPA shall be grounds for termination of this agreement.

15. LICENSES AND PERMITS.

Consultant shall possess and maintain all necessary licenses, permits, certificates, and credentials required by the laws of the United States, the State of California, the County of Shasta, and all other appropriate governmental agencies, including any certification and credentials required by the SCRTPA. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this agreement and constitutes grounds for the termination of this agreement by the SCRTPA.

16. <u>PERFORMANCE STANDARDS</u>.

Consultant shall perform the services required by this agreement in accordance with the industry and/or professional standards applicable to Consultant's services.

17. <u>CONFLICTS OF INTEREST</u>.

Consultant and Consultant's officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income that could be financially affected by or otherwise conflict in any manner or degree with the performance of the work or services required under this agreement.

18. <u>NOTICES</u>.

A. Except as provided in Section 6.C. of this agreement (oral notice of termination due to insufficient funding), any notice required to be given pursuant to the terms and provisions of this agreement shall be in writing and shall be sent first-class mail to the following addresses:

If to the SCRTPA: Executive Director
Shasta County Regional Transportation
Planning Agency
1855 Placer Street
Redding, CA 96001

If to Consultant: Brent Hathaway
Hathaway & Ksenzulak, LLP
1681 E. Cypress Avenue #A
Redding, CA 96002

B. Written notice shall be deemed to be effective two days after mailing. Any oral notice authorized by this agreement shall be deemed to be effective immediately.

19. <u>AGREEMENT PREPARATION</u>.

It is agreed and understood by the parties that this agreement has been arrived at through negotiation and that neither party is to be deemed the party which created any uncertainty in this agreement within the meaning of Civil Code Section 1654.

20. <u>COMPLIANCE WITH POLITICAL REFORM ACT</u>.

Consultant shall comply with the California Political Reform Act (Government Code Sections 87100, *et seq.*), with all regulations adopted by the Fair Political Practices Commission pursuant thereto, and with the SCRTPA's Conflict of Interest Code, with regard to any obligation on the part of Consultant to disclose financial interests and to recuse from influencing any SCRTPA decisions which may affect Consultant's financial interests. If required by the SCRTPA's Conflict of Interest Code, Consultant shall comply with the ethics training requirements of Government Code Section 53234 *et seq*.

21. CONFIDENTIALITY.

During the term of this agreement, both parties may have access to information that is confidential or proprietary in nature. Both parties agree to preserve the confidentiality of and to not disclose any such information to any third party without the express written consent of the other party or as required by law. This provision shall survive the termination, expiration, or cancellation of the agreement.

22. SCOPE AND OWNERSHIP OF WORK.

The scope of work shall be as prescribed in Paragraph 1. All research data, reports, and every other work product of any kind or character arising from or related to the scope of work of this agreement shall become the property of the SCRTPA and be delivered to the SCRTPA upon completion of its authorized use pursuant to this agreement. The SCRTPA may use such work products for any purpose whatsoever. All works produced under this agreement shall be deemed works produced by a contractor for hire, and all copyright with respect thereto shall vest in the SCRTPA without payment of royalty or any other additional compensation. Notwithstanding anything to the contrary contained in this agreement, Consultant shall retain all of Consultant's rights in Consultant's own proprietary information, including, without limitation, Consultant's methodologies and methods of analysis, ideas, concepts, expressions, know how, methods, techniques, skills, knowledge, and experience possessed by Consultant prior to, or acquired by Consultant during the performance of this agreement and Consultant shall not be restricted in any way with respect thereto.

23. USE OF SCRTPA PROPERTY.

Consultant shall not use SCRTPA premises, property (including equipment,

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instruments and supplies), or personnel for any purpose other than in the performance of Consultant's obligations under this agreement.

24. SEVERABILITY.

If any portion of this agreement or application thereof to any person or circumstance is declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal or state statute or regulation or SCRTPA ordinance, the remaining provisions of this agreement, or the application thereof, shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this agreement are severable.

IN WITNESS WHEREOF, the SCRTPA and Consultant have executed this agreement on the day and year set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this agreement and to bind the party on whose behalf his/her execution is made.

Shasta County Regional Transportation Planning Agency

Date: ______________________________

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Daniel S. Little, AICP
Executive Director

Hathaway & Ksenzulak, LLP

____
Brent L. Hathaway, CPA
Partner

____
Karnia Lapp, CPA
Partner

Tax I.D. 94-2561809

Approved as to form:

Elizabeth Johnson, Counsel
Shasta County Regional
Transportation Planning Agency

____
Elizabeth Johnson

REQUEST FOR PROPOSAL (RFP)
FOR
FINANCIAL, COMPLIANCE, AND PERFORMANCE AUDIT SERVICES FOR
THE
SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY
FOR FISCAL YEARS ENDING IN 2009, 2010 AND 2011

I. PURPOSE OF RFP

The Shasta County Regional Transportation Planning Agency (SCRTPA) is the designated Metropolitan Planning Organization for Shasta County and is the agency responsible for area-wide transportation planning. A seven-member board, as shown on the attached organizational chart, governs the SCRTPA. The SCRTPA administers federal and state funds for transportation planning and public transportation, including Transportation Development Act (TDA) funds.

To ensure program compliance, fiscal and performance audits are conducted. Fiscal audits are conducted annually after June 30 of each year. Performance audits are conducted every three years and include performance measures that verify the effectiveness and efficiency of the planning agency and transit operators.

The SCRTPA is a discretely presented component unit of the County of Shasta and is included in the government-wide financial statements. To comply with County audit requirements, the SCRTPA audits must be complete by October 15 of each year, unless directed otherwise by the SCRTPA.

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.

The TDA Statutes and California Code of Regulations guidebook is available on the California Department of Transportation's website at: http://www.dot.ca.gov/hq/MassTrans/State-TDA.html.

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 claimant's compliance or non-compliance with TDA 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 TDA. The certification shall take the form of a statement that the funds allocated to and received by the claimant pursuant to TDA were, with any exceptions specifically noted, expended in conformance with the applicable statutes, rules, and regulations of TDA and the allocation instructions and resolutions of the SCRTPA. 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 TDA were expended in conformance with those qualifying purposes, including PUC Section 99402 for streets and road claimants.

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

   c. Determine whether interest earned on funds received by the claimant pursuant to TDA were expended only for those purposes for which the funds were allocated, in accordance with PUC 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 TDA under which the funds were allocated and to the definitions in Article 1 of TDA.

   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 California State Controller's Office pursuant to PUC Section 99243.

c. Determine whether the funds received by the claimant pursuant to TDA were expended in conformance with those sections of TDA specifying the qualifying purposes, including PUC Sections 99262 and 99263 for operators receiving funds under Article 4, Sections 99275, 99275.5 and 99277 for Article 4.5 claimants, and 99400 (c) (d) for Article 8 claimants for service provided under contract.

d. Determine whether the funds received by the claimant pursuant to TDA 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 TDA was expended only for those purposes for which the funds were allocated, in accordance with PUC 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 PUC 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. Verify the maximum amount the claimant was eligible to receive under the Act during the fiscal year in accordance with Sections 6634 and 6649.

j. Verify, if applicable, the amount of the operator's expenditure limitation in accordance with section 6633.1.

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

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

m. In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to PUC Section 99314.6 or 99314.7.

n. In the case of a claimant for community transit services, determine whether it is in compliance with PUC Sections 99275 and 99275.5.

3. <u>LOCAL TRANSPORTATION FUND AND THE STATE TRANSIT ASSISTANCE FUND</u>

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:
(1) A balance sheet,
(2) A statement of revenues, expenditures during the fiscal year,
(3) A statement of changes in the fund balance, and Supplementary schedules as necessary to list or identify
(a) The amounts disbursed during the fiscal year for each of the allocation purposes specified in TDA,
(b) Any portion of the fund balance that is allocated or reserved, and
(c) 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 the State Transit Assistance Fund, or with any other revenues or funds of the SCRTPA or of any city, county, or other agency.

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

4. <u>SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY</u>

An audit of SCRTPA's accounts and records is requested for fiscal years 2008/2009, 2009/2010, and 2010/2011. The audit shall be performed in accordance with the *<u>Single Audit Procedure Guide for Local Governments</u>* issued by the California State Controller's Office and shall include a determination of compliance with TDA and the Administrative Rules and Regulations.

The SCRTPA is a discretely presented component unit of Shasta County and is included in the Government-wide Financial Statements which follow Governmental Accounting Standards Board (GASB) guidelines. The SCRTPA financial statements are produced for each fund and opinions expressed thereon. For these reasons, there is no requirement to produce additional documentation to comply with GASB at this time.

B. Triennial Performance Audit – Regional Planning Agency

1. Determine Compliance with Legal and Regulatory Requirements

With respect to the performance audit of the SCRTPA the individual or firm will be required to review and determine the SCRTPA's compliance with TDA and related sections of the CCR. 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.* Audit steps should be consistent with Section IV.2 which describes compliance requirements and references to the PUC. The guidebook is available on the California Department of Transportation's Website at: http://www.dot.ca.gov/hq/MassTrans/State-TDA.html.

Should the individual or firm 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 individual or firm will review the most recent prior performance audit for the SCRTPA for the three-year period ending June 30, 2006, and assess the implementation of audit recommendations. The auditor will need to discuss recommendation implementation with the SCRTPA and other agencies, document evidence of recommendation implementation, and disclose results of the follow-up interview.

If a prior audit recommendation has not been implemented but still has merit, the individual or firm should include the prior audit recommendation in the current audit report. The individual or firm will evaluate recommendations, which have been implemented or are being implemented. For these recommendations, the individual or firm should assess the benefits provided (or likely to be provided) by the recommendation. Significant accomplishments in implementing prior recommendations should be recognized.

Review SCRTPA Functions

The individual or firm will review each SCRTPA TDA-related function, consistent with the *Performance Audit Guidebook, Section IV.4 and IV.5.* The functional review should include various functions such as:

- Administration and Management;
- Transportation Planning and Regional Coordination;
- Claimant Relationship and Oversight;
- Public Relations; and
- Grant Applications and Management.

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.

2. REQUIRED DELIVERABLES

The individual or firm must provide a draft report in Adobe (PDF) format to the SCRTPA Executive Director for review and comment prior to finalization. After the SCRTPA reviews and comments on the draft, the individual or firm must deliver up to fourteen bound copies, one loose-leaf copy, and a PDF version of the final 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, 2010.

C. TRIENNIAL PERFORMANCE AUDIT – TRANSIT OPERATORS

1. REVIEW OF COMPLIANCE REQUIREMENTS

The SCRTPA is responsible for the triennial performance audit of the Redding Area Bus Authority (RABA). The individual or firm will be required to review and determine RABA's compliance with TDA and related Sections of the CCR. The specific code sections for which compliance is to be verified are those specified within the *Performance Audit Guidebook, Section III.*

Should the individual or firm identify instances of non-compliance, a finding regarding the non-compliance should be made in the audit report.

Review of RABA Functions

The major elements in conducting the performance audit should include:

- Review of compliance requirements;
- Follow-up review of prior performance audit recommendations;
- Initial review of transit operator functions;
- Verification and use of performance indicators;
- Detailed review of transit operator functions;
- Preparation of the draft audit report; and
- Preparation and presentation of the final audit report.

The individual or firm will review the most recent prior performance audit for RABA for the three-year period ending June 30, 2006, and assess the implementation of audit recommendations.

If a prior audit recommendation has not been implemented but still has merit, the individual or firm should include the prior audit recommendation in the current audit report. The individual or firm will evaluate recommendations, which have been implemented or are being implemented. For these recommendations, the individual or firm should assess the benefits provided (or likely to be provided) by the recommendation. Significant accomplishments in implementing prior recommendations should be recognized.

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.

2. <u>Required Deliverables</u>

The individual or firm must provide a draft report in Adobe (PDF) format to the SCRTPA Executive Director for review and comment by March 30, 2009. After the SCRTPA reviews and comments on the draft, the individual or firm must deliver up to five bound copies, one loose-leaf copy, and a PDF version of the final 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, 2010.

III. PROPOSAL FORMAT

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

A. A brief description of the individual or 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 March 2, 2009, 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 that is clearly marked "<u>RFP FOR SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY</u>."

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 individual or firm that presents the proposal that, 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 individual or firm.

The SCRTPA will require a multiple-year Agreement between the SCRTPA and the individual or firm selected.

VI. CONFLICT OF INTEREST

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

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

The individual or firm shall indemnify, defend, and hold harmless the SCRTPA, its elected officials, officers, and employees from and against any and all claims, demands, actions, losses, liabilities, damage, and costs, including reasonable attorneys' fees, arising out of or resulting from the negligent performance of the professional services provided under this agreement or from recklessness or willful misconduct.

If any judgment is rendered against the SCRTPA for any injury, death, or damage caused by the individual or firm in the performance of this Agreement, the individual or firm 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.

IX. INSURANCE COVERAGE

The individual or firm and any subcontractor shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain continuously during the term of this agreement Commercial General Liability Insurance, including coverage for owned and non-owned automobiles, and other insurance necessary to protect the SCRTPA and the public with limits of liability of not less than $1 million combined single limit bodily injury and property damage; such insurance shall be primary as to any other insurance maintained by the SCRTPA.

The individual or firm shall obtain and maintain continuously a policy of Errors and Omissions coverage with limits of liability of not less than $1 million.

X. **INQUIRIES**

All inquires regarding the scope of work, proposal submission, or the RFP process shall be directed to:

Daniel S. Little, AICP, Executive Director
Shasta County Regional Transportation Planning Agency
1855 Placer Street
Redding, CA 96001

Daniel S. Little, AICP, Executive Director
Shasta County Regional Transportation Planning Agency

DSL/slc