REPORT TO SHASTA COUNTY RTPA

SUBJECT	MEETING DATE	ITEM NUMBER
Adopt a Policy for Annual Claimant TDA Fiscal and Compliance Audits	7/23/02	7

RECOMMENDATION
It is recommended that the Board approve the attached Policy regarding Annual TDA Fiscal and Compliance Audits.

SUMMARY
In an effort to streamline the annual audit process and to enable TDA claimants to perform their own audits Staff has prepared the attached policy. Agency approval is required to implement.

DISCUSSION
All TDA claimants are required to submit an annual fiscal and compliance audit to the SCRTPA no later than 180 days after their fiscal year end, pursuant to Public Utilities Code 99245. The SCRTPA has previously incorporated these annual audits within the scope of the SCRTPA annual audit and had them performed together. Recently, we have experienced difficulty in obtaining documentation, data, and responses from the claimants in a timely manner which has delayed the SCRTPA annual audit beyond the required timeline. The purpose of the proposed policy is to more efficiently perform these audits by assigning roles and responsibilities leading to completing this task in a timely manner.

The policy also allows each claimant to include the TDA fiscal audit within the scope of their annual fiscal audit. Each agency has the discretion to decide who does their audit. Should the claimant decide to do their own audit they will be required to provide to the SCRTPA no later than 180 days from their fiscal year end, an audit report and certification of compliance with the TDA Act. All local agencies are required by law to have annual audits conducted. Since each agency is being audited anyway it seems reasonable that there would be little incremental effort involved in their auditors expressing an opinion on TDA activity which represents a subset of the overall engagement.

If the claimant determines that the SCRTPA is to include their audit within the SCRTPA audit, the claimant shall provide the required documentation as described within this policy no later than 30 days from their fiscal year end.

ALTERNATIVES
Identified alternatives to the Staff recommendation are:

1. To not approve the proposed policy. This is not recommended because the policy, as written, allows the claimants' flexibility and promotes a more efficient audit process; and;
2. Modify the policy as appropriate.

OTHER AGENCY INVOLVEMENT

This policy has been reviewed by all local agencies. Any comments received have been incorporated into the proposed policy. This item was reviewed with the local agencies at the July TAC meeting.

FINANCING

Adoption of the Staff recommendation will have no financial impact.

Daniel J. Kovacich

Daniel J. Kovacich, Executive Officer

slc/jac

Attachment: TDA Guidelines and Procedures

SHASTA COUNTY RTPA POLICY AND PROCEDURE MANUAL		Number 6-6
SECTION: TDA Guidelines and Procedures	Policy for claimants to include TDA compliance and fiscal audits within the scope of the claimant annual audit and/or to provide SCRTPA with audit documentation.	
APPROVAL DATE: 7/23/2002		
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PROCEDURES TO INCLUDE TRANSPORTATION DEVELOPMENT ACT (TDA) ANNUAL COMPLIANCE AND FISCAL AUDIT IN AGENCY ANNUAL AUDITS, AND PROVIDE DOCUMENTATION FOR AUDITS

BACKGROUND

Pursuant to Public Utilities Code Section 99245 the transportation planning agency shall be responsible to ensure that all claimants to whom it directs the allocation of funds shall submit to the planning agency an annual certified fiscal audit conducted by an entity other than the claimant.

The Shasta County Regional Transportation Planning Agency (SCRTPA) has previously incorporated the claimant's annual TDA fiscal and compliance audits into the SCRTPA audit. This policy will allow for the claimants to include the TDA audits within the scope of their own annual fiscal audits.

If a claimant determines that they will include the TDA fiscal audit within the scope of their annual fiscal audit, the claimant must notify the SCRTPA no later than June 1 of each calendar year of their determination. The SCRTPA will provide a document to the claimant prior to June 1 requesting that the claimant verifyif the claimant will include the annual TDA audit, or if the audit will be included in the SCRTPA annual audit.

If the claimant requests that the SCRTPA include the TDA fiscal audit within the SCRTPA annual audit, the SCRTPA requests that one point of contact for all responses, documents and/or data be appointed to the audit.

A report on the audit shall be submitted to the transportation planning agency within 180 days after the end of the fiscal year. The planning agency may grant an extension of up to 90 additional days as it deems necessary. The claimant's annual TDA audit must comply with Article 5.5 of the TDA Statues and California Code of Regulations. The claimant must provide a separate report and the audit report shall include a certification of compliance with the Act.

Allocations may be delayed to any claimant that is delinquent in its submission of a fiscal and compliance audit report.

If a claimant determines that the SCRTPA is to include their audit within the SCRTPA annual audit, the following documentation must be provided to the SCRTPA no later than 30 days from the end of the claimant's fiscal year end.

1. General Ledger Detail for the audit period
2. Reconciliation of cash balances. This reconciliation should agree to the agency's general ledger with adjustments to agree to the amount per the trial balance.
3. General Ledger Detail for the period July 1 to September 30 subsequent to the audit period.
4. Budgets for Revenues and Expenditures of TDA funds for the fiscal year
5. Audited Financial Statements for the current year
6. Documentation to support expenses funded by TDA disbursements.
7. Additional requests as needed by external auditors

PROCEDURES

1. Prior to fiscal year end SCRTPA will provide documentation for claimant to confirm if the claimant or the SCRTPA will include the TDA audit within the scope of their annual fiscal and compliance audit.
2. If claimant provides TDA audit, claimant is to provide Certification of Compliance with the TDA act no later than 180 days after the close of the fiscal year. A period of no longer than 90 days may be granted to the claimant by the transportation agency if deemed necessary.
3. If the SCRPTA is to include the TDA audit within their annual audit, requested documentation must be provided to the SCRTPA no later than 30 days after the claimant's fiscal year end.
4. Claimant certified audited financial statementsshall be provided to SCRTPA no later than 180 days after end of fiscal year, or no later than 270 days from end of fiscal year if an extension has been allowed.
5. Allocation for claimant may be delayed if delinquent in submission oftheir annual fiscal and compliance audit, or if claimant fails to provide requested documentation within the allotted time period.