STAFF REPORT

MEETING DATE:	10/23/12
SUBJECT:	Appoint SRTA Fiscal Committee and Delegate Authority to Approve Audit Agreement
AGENDA ITEM:	7
STAFF CONTACT:	Dave Wallace

SUMMARY:

The agency's Financial and Accounting Policies and Procedures Manual (manual) requires the agency to have a fiscal committee. Related to this, professional services are needed to conduct annual fiscal and compliance audits.

STAFF RECOMMENDATION:

It is recommended that the board nominate an agency fiscal committee, and grant the committee authority to approve a personal services agreement for audit services for fiscal years 2012, 2013 and 2014.

DISCUSSION:

Section 202 of the manual (attached) requires the agency to have a fiscal committee. The fiscal committee:

- Submits and reviews financial policies;
- determines the adequacy of any investigations of ethics violations or fraud;
- meets with the independent auditor for pre-audit and post-audit meetings;
- performs regular in-depth reviews of the agency's financial activity and oversees the development of the annual budget; and
- determines the allocation of assets and investments.

The committee must be comprised of at least two members and meet no less than twice a year. Due to turnover on the board, staff suggests nominating the positions of chair and vice-chair. A specific board member, with a strong financial background, is also recommended as a fiscal committee member regardless of whether that person is in the chair or vice-chair position. This would result in up to three committee members.

In May, 2012, the board approved a personal services agreement with Hathaway, Ksenzulak and Lapp, LLC for auditing services. They have withdrawn from the engagement and a new agreement is needed. The agency is currently negotiating an agreement with the next lowest bidder of the request for proposals, Matson-Isom. It is recommended that the board delegate authority to the fiscal committee to approve a new agreement.

ALTERNATIVES:

The board may nominate any board members. The board may also choose to add a non-elected financial expert from outside the agency.

FINANCING:

There is no financial impact associated with nomination of the committee. The audit contract is expected to total $70,000 over three years based on the Matson-Isom proposal submitted in May, 2012. Sufficient funds are budgeted in the current Overall Work Program.

Daniel S. Little, AICP, Executive Director

Attachment: Financial and Accounting Policies and Procedures Manual, Section 202.

202. Fiscal Committee

202.1. The agency will establish a fiscal sub-committee comprised of the following:

1) All sub-committee members should possess or obtain a basic understanding of governmental financial reporting and auditing.

2) The sub-committee should have access to the services of at least one financial expert, either a committee member or an outside party engaged by the committee for this purpose.

3) The actual fiscal sub-committee membership should be comprised of the agency's board members.

4) The minimum membership of the committee should be no fewer than two (2) members.

202.2. The fiscal sub-committee provides the highest level of management oversight related to financial operations. Responsibilities of the fiscal sub-committee are:

1) Recommend the choice of an auditor after completion of request for proposal (RFP) process; perform regular, in-depth reviews of the agency's financial activity; oversee the development of the annual budget and budget revisions; determine the allocation of assets and investments.

2) Submit any financial policies it deems to be in the best interest of the agency within the parameters of the bylaws or federal, state and local laws to the board for approval.

3) Meet as needed or at least twice a year.

4) Determine that all investigations of ethics violations, fraud or embezzlements have been adequately performed.

5) Evaluate, on an annual basis, the performance of the agency executive director related to the finances.

6) Obtain informal training related to the understanding of financial statements and generally accepted accounting principles.

7) Review financial policies and procedures on an annual basis.

8) Meet with the independent auditor for a pre-audit meeting and post-audit meeting.

9) Present a financial operations report to the board at each board meeting.