REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
Authorize Request For Proposal (RFP) for Audit Services		12/9/08	4-3

RECOMMENDATION
It is recommended that the Board authorize the Executive Director to issue a Request for Proposal (RFP) for audit services for Fiscal Years ending in 2009 through 2011.

SUMMARY
The Transportation Development Act (TDA) requires annual fiscal and compliance audits for the RTPA and each claimant. A triennial performance audit is required for the RTPA and the Redding Area Bus Authority. The prior audit contract has expired.

DISCUSSION
The contract with Don Reynolds has expired. The proposed RFP will be distributed to all CPA firms in the Redding area, as well as those firms outside the area that have requested to be included. A competitive procurement process is recommended. Price will be the most important criteria in selecting the successful bidder. The combined fiscal audit fee for the prior three years was $34,500. The performance audit fees were $9,000. The consultant agreement will be presented at the April 28, 2009 RTPA meeting.

ALTERNATIVES
The Board may elect to not distribute an RFP and award future audit engagements to the existing auditor. This is not recommended. The best terms are usually achieved through a competitive procurement process.

OTHER AGENCY INVOLVEMENT
The audits will be forwarded to the State Controller's Office and the Department of Transportation by December 31 of each year.

FINANCING
The cost of future audits can be determined after the RFP is distributed and responses received.

Daniel S. Little, AICP, Executive Director

DSL/SLC/jac

Attachment: Request for Proposal

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. LOCAL TRANSPORTATION FUND AND THE 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:
(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. SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY

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 *Single Audit Procedure Guide for Local Governments* 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. REQUIRED DELIVERABLES

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 "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 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

EXHIBIT A

CONTRACT FOR AUDIT SERVICES

SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY

CLAIMANTS, FUNDS AND AGENCIES TO BE AUDITED

ANNUAL FISCAL AND COMPLIANCE AUDITS

For the fiscal year 2007/2008 there was no audit findings or issues of non-compliance.

Claimants

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

Funds

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

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, 2009

Shasta County Regional Transportation Planning Agency
Redding Area Bus Authority

EXHIBIT B
DESCRIPTION OF FUNDS, JURISDICTIONS, AND OPERATORS

Funding Mechanisms
The Transportation Development Act of 1971 established legislation to improve existing public transportation and encourage regional transportation coordination. The Act provides funding to be allocated to transit and non-transit purposes that comply with regional transportation plans.

Two funding sources were established under the Act. The Local Transportation Fund (LTF) is derived from ¼ cent of the general sales tax collected statewide. The State Transit Assistance Fund (STA) is derived from the statewide sales tax on gasoline and diesel fuel. STA is a formula-driven allocation based on population and revenue. STA is considered "spillover" and may be seized by the State for the State's general fund. Federal Transit Administration grants are also a source of revenue for public transportation. These grants are excluded from the TDA audit.

Claimants
Under a joint powers agreement, the Redding Area Bus Authority provides public transit service in the urban areas of the cities and some rural fringe areas in the County. The cost associated with transit service is allocated to the cities of Anderson, Redding, and Shasta Lake, and the County based 80% on service hours and 20% on population in each jurisdiction that is within the service area. After transit obligations have been met, the jurisdictions may use their remaining apportionment for other eligible uses, including additional transit service, or streets and roads.

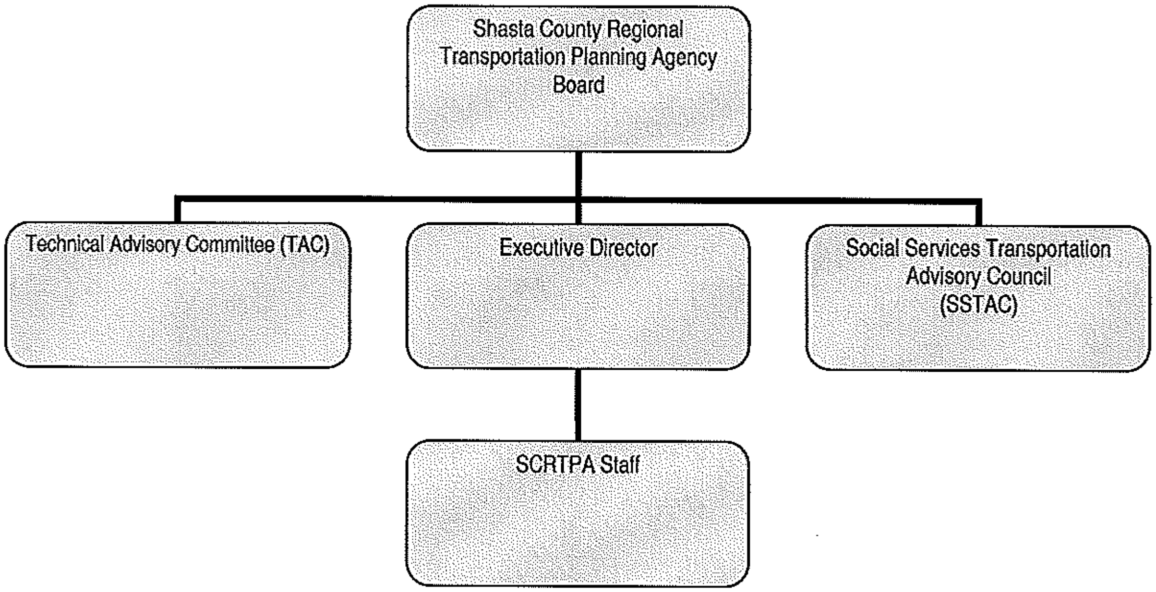
Shasta Senior Nutrition Programs (SSNP) in designated as the Consolidated Transportation Services Agency (CTSA), and therefore eligible for 5% of LTF funds. SSNP provides transportation service to persons over 60 years in age. County Lifeline Service is also provided by SSNP to persons with disabilities living outside of the RABA service area.

For fiscal year 2008/2009, the table below shows estimated revenue and each jurisdiction's estimated transit obligations and funds available for other uses.

Jurisdiction	Funding Sources			Use of Funds	
	LTF	STA	FTA	Transit	Other
County of Shasta	$ 2,613,158	$ 462,376	$ 247,357	$ 709,733	$ 2,613,158
City of Redding	$ 3,337,947	$ 590,822		$ 3,825,171	$ 103,598
City of Anderson	$ 392,814	$ 69,512		$ 238,225	$ 224,101
City of Shasta Lake	$ 381,518	$ 67,537		$ 190,541	$ 258,513
CTSA		$ 337,097		$ 337,098	
RTPA Admin	$ 274,563	$ 86,016		$ 360,579	
Total	**$ 7,000,000**	**$ 1,613,360**	**$ 247,357**	**$ 5,661,347**	**$ 3,199,370**

ORGANIZATIONAL CHART

SHASTA COUNTY REGIONAL TRANSPORTATION PLANNING AGENCY



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

STAFF
Executive Director (1)
Senior Planners (4)
Accountant Auditor III (1)
Administrative Secretary II (1)

TECHNICAL ADVISORY COMMITTEE
Air Quality Management Dist.
Caltrans
Consolidated Transportation Services Agency (CTSA)
City of Anderson staff
City of Redding staff
City of Shasta Lake staff
County of Shasta staff
Redding Area Bus Authority
Redding Airports

SOCIAL SERVICES TRANSPORTATION ADVISORY COUNCIL (SSTAC)
This committee includes nine members representing older adults, persons with disabilities, those of limited means, and the CTSA.