

STAFF REPORT



MEETING DATE:	February 27, 2018
SUBJECT:	Approve Contracts for Annual Independent Audit and Triennial Performance Review
AGENDA ITEM:	8-6
STAFF CONTACT:	Dave Wallace, Chief Fiscal Officer

STAFF RECOMMENDATION:

It is recommended that the board:

1. Authorize the executive director to execute a technical services agreement (TSA) for financial audits with The Pun Group for fiscal years ending June 30, 2018, 2019, and 2020 (with options for fiscal years ending June 30, 2021, and 2022 at SRTA's discretion), not to exceed \$98,812, for the original three-year term ending June 30, 2021; and authorize the executive director to execute a corresponding Pun Group financial audit engagement letter; and
2. Authorize the executive director to execute a TSA for triennial performance audits with Moore & Associates, Inc., not to exceed \$23,497, for a term ending December 31, 2019.

DISCUSSION:

Transportation Development Act (TDA) regulations require annual financial and compliance audits of all claimant funds administered by SRTA, as well as triennial performance audits of SRTA and the Redding Area Bus Authority. In January 2018, staff issued two separate requests for proposals (RFP) to thirty certified public accounting firms and consulting firms throughout the state that have performed similar audits.

SRTA received one proposal to provide annual financial audit services, that being from SRTA's current auditor, the Pun Group. The proposed fee for the three-year period is not to exceed \$98,912. The Pun Group's audit fee for the prior three fiscal years was \$61,208. The fee increase is in response to the increasing complexity of the programs requiring audit, increases in hourly rates, additional mandated reporting requirements in audits and the anticipated change in SRTA accounting personnel. The Pun Group has been comprehensive and professional in their audit work this past three years. Retaining the Pun Group would allow for auditor continuity during the upcoming change in SRTA accounting personnel. Staff is recommending The Pun Group perform the three annual financial audits with options for two additional years.

SRTA received three proposals for the triennial performance audits. Moore & Associates Inc, Michael Baker International and LSC Transportation Consultants Inc submitted proposals. Proposers estimated 168 to 209 hours for the preparation of the audits. Fees ranged from \$21,830 to \$25,600. All three firms are highly qualified. Staff is recommending that Moore & Associates, Inc., perform the triennial performance audits based on their ability to meet the audit schedule and willingness to be on-site for the audits and board presentations.

ALTERNATIVES:

The board may choose a different auditor or circulate one or more new RFPs.

OTHER AGENCY INVOLVEMENT:

Completed audits are submitted to the California State Controller's Office and Caltrans.

FISCAL IMPACT:

Planning and TDA funds are used to pay for the financial audit. TDA funds are used to pay for the triennial performance audit.

A handwritten signature in blue ink that reads "Dan Little".

Daniel S. Little, AICP, Executive Director