



Transportation Development Act Triennial Performance Audit for Fiscal Years 2019 to 2021

Receive and File

Prepared by: Caroline Payne

Attachments: Yes

Approved by: James Corless

Referring Committee: Policy & Innovation

1. Issue:

SACOG recently completed a Transportation Development Act (TDA) triennial performance audit.

2. Recommendation:

None, this item is for information only.

3. Background/Analysis:

The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. Known as the Transportation Development Act (TDA) of 1971, this law provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans. TDA law requires triennial performance every three years in addition to annual fiscal audits of TDA funds.

As a recipient of federal and state funds, and an administrator of TDA funds, SACOG must annually undergo a financial audit by an independent financial auditor. The auditor issues a report on the financial position of SACOG at June 30, of each year pursuant to provisions on the Single Audit Act of 1984, as amended in 1996, provisions of Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Upon completion, the fiscal audit reports are submitted to the State Controller's Office and the California State Transportation Agency (Caltrans).

TDA triennial performance audit is a systematic evaluation of an organization's effectiveness, efficiency, and economy of operation under management control. The goal is to provide a means of evaluating performance and to enhance performance by making recommendations for improvement. The audit measures performance against TDA's established criteria and focuses on management's planning and control system. It also evaluates an agency's degree of compliance with established policies and procedures as outlined in the TDA statutes. The final audit reports are submitted to Caltrans.

4. Discussion/Analysis:

The California Public Utilities code requires that all transit operators and Regional Transportation Planning Agencies like SACOG, have a triennial performance audit conducted of their activities. Besides the legal requirements, a performance audit offers other benefits which include:

- Presenting management with useful information to assess past activities and insight into future planning;
- Providing management with a review and evaluation of an agency's organization and operations;
- Providing an opportunity for an independent, objective, and comprehensive review of the economy, efficiency, and effectiveness of the entity; and
- Assuring accountability for the use of public funds.

After a competitive bid, SACOG engaged the services of Michael Baker International to conduct the most recent cycle of audits for fiscal years 2018-2019, 2019-2020, and 2020-2021. The auditors utilized the 14 key compliance requirements outlined in the Caltrans Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities (RTPA). They conducted oral and written interviews with key staff at SACOG and the regional operators to complete the process and made field visits to each operator to assess the operations.

The operators on the review were Davis Community Transit (DCT), Elk Grove (E-Tran), Paratransit Inc. (PI), Sacramento Regional Transit (SacRT), Sacramento South County Link (SCT Link), Unitrans, West Sacramento VIA Rideshare service, Yolo County Transit District (YCTD now YoloTD), and Yuba-Sutter Transit Authority (YSTA). A manager from each agency was given the opportunity to review and make comments on the audit before a final copy of the report was issued. Each agency received a final completed audit report which they can present to their respective governing boards. Copies of these reports were submitted to Caltrans as required. SACOG presents all final reports to the board.

Overall, the reviewers commended SACOG for meeting all levels of compliance and staff for being responsive to requests for information. SACOG has satisfactorily complied with state legislative mandates for RTPAs. Actions undertaken by the agency during the audit period have helped maintain compliance with the mandates, including the administration of the TDA, the conduct of the annual unmet transit needs process in consultation with the Social Service Transportation Advisory Councils (SSTACs), and coordination of efforts that assist transit operator performance and funding.

Although there were no findings, the reviewers noted four recommendations ranging from high to medium levels of priority: two recommendations in the High Priority and two in the Medium Priority. A completed review of SACOG's audit and operator reports are attached for reference.

Staff is working on a plan of action for the recommendations and will present to the Policy & Innovation Committee and board in June.

5. Fiscal Impact/Grant Information:

The costs associated with staff time and outside auditing services was included in the Overall Work Program.