

Subject	Selection of Jurisdictions and Firms to Perform a Compliance Audit for FY 2007-08
Summary of Issues	<p>Compliance Audits are used to verify that selected recipients of Measure C funds have followed the rules associated with those funds. The following jurisdiction and firms have been selected to perform a Compliance Audit for FY 2007-08:</p> <p><i>1) Recipient of more than \$500,000 in Measure C funds:</i> City of Martinez for receipt of funds provided for the <i>Alhambra Widening: Benham to Alhambra</i> project. (\$4,967,199)</p> <p><i>2) Recipient of Local Street Maintenance Measure C funds:</i> City of Richmond for local streets and roads purposes. (\$1,231,636)</p> <p><i>3) Consultant recipient of Measure C funds:</i> BKF Engineers for Plans, Specifications, and Estimates for SR 4 – Somersville Road to SR 160, project 1407, contract #203 (\$1,242,706).FY 2007-08 Compliance Audits are due 180 days after the end of the fiscal year, on December 27, 2008.</p>
Recommendations	Accept the selection above, and proceed to the next steps in reviewing the Compliance Audit requirements with the firms and agencies selected.
Financial Implications	With advance approval, the firms and agencies may request reimbursement of Measure C funds for the costs of the Compliance Audits. The costs are estimated to be approximately \$5,000 per Compliance Audit.
Options	Other firms or agencies may be proposed to complete a Compliance Audit.
Attachments (See APC Packet dated 6/5/08)	A. Resolution #93-02-A (Authority Policies for Compliance Audits)
Changes from Committee	<i>None</i>

Background

A Compliance Audit is used to verify that selected recipients of Measure C funds have followed the rules applicable to the use of Measure C funds. Authority Resolution No. 93-02-A (as amended) specifies the Authority’s Compliance Audit policy. In cooperative agreements, funding resolutions, and/or contracts, Measure C fund recipients agree to follow certain rules related to funding, accounting, charging, billing, reimbursement, and record keeping. Recipients must follow certain subcontracting requirements. Recipients must be able to assure the Authority that the Measure C funds were used solely for the purpose designated by the Authority. Each year, several recipients of Measure C funds are selected to perform Compliance Audits. With prior approval by the Authority, the costs of Compliance Audits can be reimbursed by Measure C funds.

Selection of Recipients of Measure C Funds to Perform a Compliance Audit for FY 2007-08

Resolution No. 93-02-A (revised) directs that at least three Compliance Audits are to be completed each year, including:

1. A jurisdiction, agency, or firm receiving more than \$500,000 in Measure C funds.
2. A local jurisdiction receiving Measure C Local Street Maintenance (18%) funds.
3. A consultant receiving more than \$25,000 in Measure C funds.

In addition, any other recipient of Measure C funds can also be directed to have a Compliance Audit.

For FY 2007-08, staff proposes that the following Measure C recipients complete Compliance Audits.

Category	Recipient	Purpose
> \$500,000	City of Martinez	Receipt of funds provided for the <i>Alhambra Widening: Benham to Alhambra</i> Measure C project. \$4,967,199
LSM (18%)	City of Richmond	Local street maintenance and improvement programs (as per CCTA Resolution No. 91-03-A) Total FY 2007-08 Measure C funding allocation: \$1,231,636.
Consultant	BKF Engineers	Design services for Plans, Specifications, and Estimates for State Route 4 – Somersville Road to SR 160: \$1,242,706.

The Compliance Audit requirements will be reviewed with the designated recipients and, if desired, with its independent auditor. The Compliance Audits must be received in the Authority offices by December 27, 2008.

Designated recipients may engage their own independent auditor, or they may request that the Compliance Audit be completed by the Authority’s independent auditor. If the recipient engages its own independent auditor, prior to incurring any costs, a written estimate from the independent auditing firm must be reviewed and approved by Authority staff. If approved, the Compliance Audit costs would be reimbursed with Measure C funds.