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STANISLAUS
COUNCIL OF
GOVERNMENTS

FINAL TRIENNIAL PERFORMANCE AUDIT

*Triennial Performance Audit of
the Stanislaus Council of
Governments
FYs 2007, 2008 & 2009*

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EXECUTIVE SUMMARY

This section presents a summary of the key findings and recommendations developed during the Performance Audit of the Stanislaus Council of Governments (StanCOG) for the audit period Fiscal Years (FYs) 2007, 2008 and 2009.

Why the Review was Performed

As a Regional Transportation Planning Agency (RTPA), StanCOG is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California State Department of Transportation (Caltrans) to continue to receive TDA funding. TDA funds are used for StanCOG's administration and planning, and distributed to local jurisdictions for transit operations.

The purpose of a Triennial Performance Audit is to assess compliance with applicable laws, rules and regulations as prescribed by the Transportation Development Act, review the status of prior audit recommendations, and to perform a high level functional review of key operational areas. StanCOG contracted with Macias Consulting Group (MCG) to conduct this performance audit and five transit operator reviews of the County of Stanislaus, cities of Ceres, Modesto and Turlock as well as the Riverbank-Oakdale Transit Authority (ROTA).

What the Review Showed

StanCOG was in compliance with 12 of 13 applicable TDA requirements. Specifically StanCOG did not receive its required reports from two operators in a timely manner during the audit period.

Additionally, StanCOG implemented five of six prior triennial audit recommendations; hired a Transit Planner, conducted a Classification and Compensation study, coordinated the Human Services Plan, and published a bilingual transit guide. Although StanCOG did not specifically require Modesto to develop a Transportation Development Plan, we found that existing transit planning documents satisfy the intent of the recommendation. StanCOG management did not consider the remaining recommendation to adopt a policy to stop TDA payments to operators until submission of State Controller's Reports.

The COG generally functioned efficiently and effectively during the period under review despite struggling with the loss of three key staff during the audit period. Business activities are well-planned through the Overall Work Plan which serves as a comprehensive management and budget tool in outlining annual work products. We found that StanCOG is well-positioned to develop and implement administrative policies and procedures that formalize authority and responsibility, document workflows and communication protocols. This will provide additional accountability and guidance to staff as they carry out StanCOG's mission.

What MCG Recommends to Enhance Outcomes

We developed three recommendations presented at the end of this report that address the development of policies and procedures; implementation of transit operator performance reporting requirements; and lastly, to address the classification and compensation study that was completed in 2009.

OBJECTIVES

The Triennial Performance Audit is designed to be an independent and objective review of the efficiency, effectiveness, and economy of the operation of the entity audited. Specifically, our objectives were to (1) follow up on prior triennial audit recommendations, (2) assess compliance with TDA laws and regulations, and (3) perform a high level functional review of the Regional Transportation Planning Agency (RTPA) in order to offer recommendations to enhance efficiency and effectiveness.

SCOPE

This performance audit was conducted in accordance with the California Department of Transportation's Performance Audit Guidebook for Transit Operators and Regional Transportation Planning entities, 2009 edition. The scope of the audit evaluated StanCOG's compliance with the conditions specified in the California Public Utilities Code and California Code of Regulations. The Triennial Performance Audit has three elements:

1. Compliance Requirements;
2. Follow-up of prior Triennial Performance Audit report recommendations;
3. Identification and high-level review of the Regional Transportation Planning Agency's functions and activities.

METHODOLOGY

We used the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities (2009)*, published by Caltrans as a guide to develop and conduct the performance audit. The functional review included interviews with StanCOG management, staff and with all operators within their jurisdiction. We collected, reviewed, and analyzed agency transit operations and planning documents, financial information, and reports.

We conducted this review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives. We have followed all unconditional requirements and documented justification for any departures from applicable presumptively mandatory requirements and have achieved the objectives of those requirements through other means.

CHAPTER 1: AUDIT RESULTS

COMPLIANCE RESULTS

This section of the audit report contains the analysis of StanCOG’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The guidebook contains a checklist of 14 measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in Figure 1.0 below, including a description of StanCOG’s efforts to comply with the requirements.







StanCOG maintained general compliance with most TDA rules and regulations for the audit period. The Public Utilities Code (PUC) and California Code of Regulations include fourteen compliance requirements. Specifically, the Stanislaus County is in full compliance with twelve of thirteen PUC requirements, as shown in Figure 1.0. One requirement was not applicable to StanCOG.





The one area of non-compliance related to the untimely receipt of required reports. Specifically, two operators did not provide Transit Operators Report and annual audited financial statements within required timeframes in FY2007 and 2008. The City of Ceres did not provide an audited financial statement in FY 2007, and one State Controller’s Transit Operators Report in FY 2008, within the appropriate time frames. The Riverbank-Oakdale Transit Authority (ROTA) did not provide both Transit Operator Reports and audited financial statements in a timely manner in FY 2007 and 2008.

We recognize that although StanCOG cannot enforce timely financial audits of its operators, it has an appropriate method for operators to obtain extensions on submitting audited financial statements, thus ensuring compliance with this requirement in future years. In FY 2009, during the time of our review, when all operators experienced delays in submission of audited financial statements, required extensions were filed appropriately by all operators.

Table 1.0: TDA Compliance Results – StanCOG FYs 2007, 2008, and 2009.

Requirement	Results
1. All transportation operators and city or County governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area. (PUC Section 99231)	✓
2. The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles. (PUC Section 99233 and 99234)	✓
3. The RTPA has established a social services transportation advisory council. The TRPE must ensure that there is a citizen participation process that includes at least an annual public hearing. (PUC Section 99238 and 99238.5)	✓

Requirement	Results
<p>4. The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower operating cost of those operators which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include but are not limited to, those made in the performance audit:</p> <ul style="list-style-type: none"> • A committee for the purpose of providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else it he operator has not received an allocation that exceeds its prior year allocation. (PUC Section 99244) 	
<p>5. The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year. (PUC Section 99245)</p>	
<p>6. The RTPA has designated an independent entity to conduct a performance audit of itself and its operators for the current and previous triennia. For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator’s TDA money, and to the RTPA within 12 months after the end of the triennium. If an operator’s audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted. (PUC Section 99246 and 99248)</p>	
<p>7. Determine if the RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed. [PUC Section 99246 (c)]</p>	
<p>8. The previous triennial performance audit of the operator providing public transportation services includes a verification of the operator’s cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. [PUC Section 99246(d)]</p>	
<p>9. The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas. (PUC Section 99270.1 and 99270.2)</p>	
<p>10. The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services. (PUC Section 99275.5)</p>	<p>N/A</p>

Requirement	Results
<p>11. State transit assistance (STA) funds received by the RTPA allocated only for transportation planning and mass transportation purposes. (PUC Section 99310.5 and 993.3 and Proposition 116.</p>	
<p>12. The amount of TDA funds received pursuant to the Public Utilities Code, Section 99314.3; by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller’s Office. (PUC Section 99314.3).</p>	
<p>13. If TDA funds are allocated to purposes not directly related to public or specialized transportation services or facilities for exclusive use of pedestrian and bicycles, determine whether the transit-planning agency has annually:</p> <ul style="list-style-type: none"> · Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238; · Identified transit needs, including: <ul style="list-style-type: none"> o Groups who are transit-dependent or transit disadvantaged; o Adequacy of existing transit services to meet the needs of groups identified; and o Analysis of potential alternatives to provide transportation services. · Adopted or re-affirmed definition of “unmet transit needs” and “reasonable to meet”. · Identified the unmet transit needs or there are no unmet transit needs. (PUC Section 99401.5) 	
<p>14. The RTPA has caused an audit of its account and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPA must transmit the audit report to the state controller within 12 months of the end of each fiscal year in accordance with the Basic Audit Program and Report Guidelines for the California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting paper’s for at least four years following fiscal year close. (California Code of Regulations, Section 6642)</p>	
<p>Legend: ✓ In Compliance ✗ Non-Compliance N/A Not Applicable</p>	