

AGENDA ITEM 2B  
Action Item

**MEMORANDUM**

**DATE:** September 2, 2021

**TO:** El Dorado County Transit Authority

**FROM:** Julie Petersen, Finance Manager

**SUBJECT:** Appointment of Chair and Vice-Chair as Members of an Ad Hoc Financial Audit Review Committee

**REQUESTED ACTION:**  
**BY MOTION,**

1. Form an ad hoc Audit Review Committee to receive and review fiscal year (FY) 2020/21 independent fiscal and compliance audit reports
2. Appoint Chair and Vice-Chair as members to the Audit Review Committee

**BACKGROUND**

The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve public transportation services and encourage regional transportation coordination. Known as the Transportation Development Act (TDA) of 1971, this law provides funding to be allocated primarily for transit related purposes.

The TDA provides two (2) funding sources:

1. Local Transportation Fund (LTF), which is derived from a ¼ cent of the general sales tax collected statewide.
2. State Transit Assistance (STA), which is derived from the statewide sales tax on diesel fuel.

The California Department of Tax and Fee Administration, based on sales tax collected in each county, returns the general sales tax revenues in each county's LTF. The STA funds are appropriated by the Legislature to the State Controller's Office (SCO). The SCO then allocates the tax revenues, by formula, to planning and other selected agencies.

To ensure program compliance, TDA Section 6664 requires an independent fiscal and compliance audit of each TDA claimant be completed within 180 days following the end of the fiscal year. The El Dorado County Transportation Commission (EDCTC) is responsible for

ensuring that each TDA claimant under its jurisdiction receiving an allocation submits to EDCTC and the State Controller an annual certified fiscal audit report.

## **DISCUSSION**

Richardson and Company auditors will perform the fiscal year 2020/21 on-site audit field work at the El Dorado County Transit Authority (El Dorado Transit) during the week of October 4, 2021. Final audit reports will be completed in late October 2021 or early November 2021.

Annually, the El Dorado Transit Board of Directors (Board) appoints a two (2) person sub-committee to receive a detailed presentation of the audit results prior to submission to the full Board. Staff is recommending the establishment of an ad hoc Audit Review Committee with the Chair and Vice-Chair as permanent members.

The Audit Review Committee would convene at least once to receive an oral and written presentation of audit reports by Richardson & Company staff. The audit reports would then be included in the regular December Board meeting agenda packet as a Consent Item for consideration by the full Board.

Audit Review Committee responsibilities include:

1. Review of fiscal and compliance audits
2. One (1) meeting to receive a presentation of agency fiscal and compliance reports from the independent auditors (this meeting may be held remotely)

## **FISCAL IMPACT**

None