



NAPA VALLEY TRANSPORTATION AUTHORITY-TAX AGENCY ITOC Agenda Letter

TO: Independent Taxpayer Oversight Committee
FROM: Kate Miller, Executive Director
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SUBJECT: Measure T Compliance and Performance Audit Work Plan for Cities of American Canyon and Calistoga

RECOMMENDATION

That the ITOC discuss the audit work plan for compliance and performance audits that are scheduled for the upcoming audit review period and recommend an approach to staff.

EXECUTIVE SUMMARY

Measure T is subject to three types of audits: the annual financial audit, performance audits, and compliance audits. The Certified Public Accountants (CPAs) need notice on the number of performance and compliance audits the ITOC will want to undertake during the fiscal year to determine the financial resources need.

BACKGROUND

The language in Measure T necessitates completing a financial audit and a compliance audit; although, the ordinance was silent on the timeframe of those reviews. The committee approved a rotating schedule for the compliance and performance audits. The audit schedule for the next three years is:

FY 2023-24: County of Napa, St. Helena
FY 2024-25: American Canyon, Calistoga
FY 2025-26: City of Napa, Town of Yountville

Staff have reviewed projects and is recommending that the ITOC select the two projects in the American Canyon listed in Table 1 and one project in Calistoga in Table 2. The projects highlighted in bold print are NVRTA's staff recommendation for review.

Table 1: American Canyon Projects

Project #	Project Name	Project Cost	Measure T Funds	Start Date	End Date	Status
24504	Benton Way Pavement Rehabilitation Project					
24504-B	Benton Way - Hummingbird to Huntington	\$358,330	\$139,545	5/28/2024	11/29/2024	Completed
24504-A	Benton Way - Hummingbird to Wetlands Edge	\$299,462	\$116,620	5/28/2024	11/29/2024	Completed
24504-C	Benton Way - Huntington to Elliott	\$776,808	\$302,515	5/28/2024	11/29/2024	Completed
24503	2022 Annual Pavement Management Project					
24503	Donaldson Way	\$282,233	\$282,233	8/1/2023	2/6/2024	Completed
24503	Elke Drive	\$220,784	\$220,784	8/1/2023	2/6/2024	Completed
24503	Gisela Drive	\$248,107	\$248,107	8/1/2023	2/6/2024	Completed
24503	West Carolyn Drive	\$183,563	\$183,563	8/1/2023	2/6/2024	Completed
24503	West Carolyn Drive	\$98,179	\$98,179	8/1/2023	2/6/2024	Completed

***Bold indicates recommendation for review.**

Recommended American Canyon Projects:

24503: 2022 Annual Pavement Management Project

24504: Benton Way Pavement Rehabilitation Project

Table 2: Calistoga Projects.

Project #	Project Name	Total Project Budget	Measure T funds	Start Date	End Date	Status
24520	2024 Slurry Seal Project Phase II	\$558,995	\$469,248	5/20/2024	7/9/2024	Completed

***Bold indicates recommendation for review.**

Recommended Calistoga Project:

24520: Slurry Seal Project Phase II

The auditors are available to complete the compliance and performance audits providing that they are scheduled in advance and sampling can occur prior to fieldwork. Advance notice will give the jurisdictions adequate time to prepare the documentation.

As a reference, the auditors will be reviewing projects with the following definitions and areas in mind.

A compliance audit is a comprehensive review of an organization's adherence to ordinance and guidelines. Audit reports could evaluate several factors such as the strength and thoroughness of compliance preparations, security policies, user access controls and risk management procedures over the course of a compliance audit. Compliance auditors provide details about the organization's level of compliance adherence, any violations, and suggestions for improvement.

A performance audit is an assessment of an entity's operations to determine if specific programs or functions are working as intended to achieve stated goals. The audit may assess the overall jurisdiction's performance or a specific project. A performance audit examines a program, function, operation or the management systems and procedures of a governmental or non-profit entity to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources.

The audits will focus on seven areas of performance/compliance, specifically:

- a) Maintenance of Effort - The jurisdictions certified to NVTA-TA that it met its Maintenance of Effort (MOE) provision of the average general fund expenditures spent in fiscal in the last three fiscal years. The jurisdictions must certify annually to NVTA-TA that it met its MOE expenditures the previous fiscal year, by January 31st.
- b) Five-year project list - The jurisdictions submitted a copy of their five-year list of projects to be funded with Measure T revenues biennially on January 31st.
- c) Project Implementation & Reporting – The jurisdictions submitted a semi-annual update on projects and expenses by September 1st and March 1st of every year.
- d) Attribution and Signage – For projects with funding above \$250,000, verify jurisdiction installed and maintained a sign at the construction site, utilizing the adopted Measure T logo and text, identifying the jurisdiction and NVTA-TA.
- e) Establishment of Separate Accounting – Jurisdiction shall have its revenues deposited in a separate interest-bearing Transportation Improvement Fund and segregated in a Special Revenue Fund specifically for Local Streets and Roads.
- f) Recordkeeping – The jurisdictions shall keep the records using accrual accounting, setting up both receivables and payables as of June 30 of each year. As such, expenditures within the Special Revenue Fund, shall include “transfers out” to other funds for the monies being used within a capital project that was approved by the Master Funding Agreement. The jurisdiction accounted for and tracked its capital projects in a Capital Project Fund. All costs charged to projects are supported by properly prepared and documented time records, invoices, vouchers, or other documentation, evidencing in detail the nature and propriety of the charges and a process in place to retain all records for five years after project closeout.
- g) 6.67% Equivalent Funds Requirement – Review if jurisdictions have committed any revenues to meet the 6.67% Equivalent Fund for Class 1 bicycle facilities cumulative requirement.

Table 3 below outlines the costs for each audit type. The ITOCs budget will fund the cost of each audit that is commissioned.

Table 3: Audit Costs by Category (cost subject to change)

Audit Category	Amount
NVTA TA Financial Audit	\$ 6,145
NVTA-TA Compliance Audit	
City of Napa	\$ 3,100
County of Napa	\$ 3,100
City of American Canyon	\$ 3,100
County of Yountville	\$ 3,100
City of Saint Helena	\$ 3,100
City of Yountville	\$ 3,100
City of Calistoga	\$ 3,100
NVTA	\$ 3,100
NVTA-TA	\$ 3,100
NVTA TA Performance Audit	
City of Napa	\$ 3,100
County of Napa	\$ 3,100
City of American Canyon	\$ 3,100
County of Yountville	\$ 3,100
City of Saint Helena	\$ 3,100
City of Yountville	\$ 3,100
City of Calistoga	\$ 3,100
Minor Projects	
Per Project	\$ 3,100
TBD/Other	\$ 3,100

ATTACHMENTS

None