



STAFF REPORT
Board Meeting of March 17, 2021

AGENDA ITEM: 7-K

PREPARED BY: Troy McNeil, Deputy Director/Fiscal Supervisor

SUBJECT:

Triennial Performance Audits

Enclosure: Yes

Action: Accept Triennial Performance Audits of MCTC, the County of Madera, the City of Madera, and the City of Chowchilla

SUMMARY:

MCTC is statutorily required by Section 99246 of the California Public Utilities Code to designate entities other than itself, a county transportation commission, a transit development board, or an operator to make a performance audit of its activities and the activities of each operator to whom it allocates funds. The audit covered fiscal years 2017-18 through 2019-20 and audited the following functions:

- RTPA Administration and Management;
- Transportation Planning and Regional Coordination;
- Claimant Relationships and Oversight;
- Follow up of prior Performance Audit Recommendations;
- Marketing and Transportation Alternatives; and
- Grant Applications and Management.

The following is a summary of the findings:

MCTC

Based on the current review, Moore & Associates submitted the following TDA compliance findings:

1. The RTPA did not exercise sufficient control over the contract for the TDA fiscal audits of the operators to enable the operators to submit their respective audits within the established timeframe.
2. MCTC did not conduct the qualifying tests prior to the allocation of STA funds.

They also identified one additional functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to be addressed within the review:

1. Transit operator audits contracted by MCTC do not include a detailed assessment of compliance with farebox recovery ratio requirements.

County of Madera

Based on discussions with County staff, analysis of program performance, and an audit of program compliance and function, the audit team presents three compliance findings:

1. The County of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The County of Madera did not submit its TDA fiscal audits within the stipulated timeframe.
3. It is unclear as to whether the County of Madera met either of the STA efficiency standards, thereby being eligible to use its full STA allocation for operating purposes.

The audit team has identified three functional findings. While these findings are not compliance findings, the audit team believes they warrant inclusion in this audit:

1. The County does not currently receive FTA Section 5307 funding claimed by the City of Madera, even though it is entitled to a share of that funding.
2. The County reports full-time equivalent (FTE) employees incorrectly to the State Controller, though it has demonstrated use of the TDA definition.
3. Operating cost is reported inconsistently to the State Controller and National Transit Database.

City of Madera

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The City of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The City did not submit its TDA fiscal audits within the stipulated timeframe.

The audit team has identified two functional findings. While these finding are not compliance findings, the audit team believes they warrant inclusion in this report:

1. The City of Madera does not pass through the share of FTA Section 5307 (urbanized area) funding to which the County of Madera is entitled.
2. The City does not report performance data consistently on internal and external reports.

City of Chowchilla

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents three compliance findings:

1. The City of Chowchilla did not meet the TDA farebox recovery ratio requirement during FY 2017/18.
2. The City of Chowchilla did not submit its TDA fiscal audits within the stipulated timeframe.
3. In FY 2017/18 and FY 2019/20, the City of Chowchilla did not meet either of the STA efficiency standards and therefore was not eligible to use its full STA allocation for operating purposes.

The audit team has identified no functional findings.

MCTC staff has already begun working on addressing these compliance and functional review findings and does not anticipate any issues with implementation.

FISCAL IMPACT:

No fiscal impact to the approved 2020-21 Overall Work Program and Budget.