



# Citizens' Oversight Committee

*March 16, 2020*

*Item 7 - Compliance Audit Policy Discussion*



# History of the Compliance Audit Policy

- ✓ Original Policy developed with COC guidance and approved by the TAM Board October 2010
- ✓ First Revision May 2015
- ✓ Implementation of Measure AA projects/programs started July 2019
- ✓ Policy needs to be revised to reflect all new projects/programs

# Strategy 1/Measure A & Category 4 Measure AA

## Current Policy

For Strategy 1 – Local Transit, since Marin Transit is the only fund recipient under this Strategy, and the annual allocation is more than 50% of the total Measure A fund, a compliance audit will be conducted every year.

## Recommend Revisions

For Strategy 1 under Measure A and Category 4 under Measure AA – Local Transit, since Marin Transit is the only fund recipient under this Strategy/Category, and the annual allocation is more than 50% of the total Measure A/Measure AA funds, a compliance audit will be conducted every year.

# Strategy 2/Measure A & Category 1 Measure AA

## Current Policy

For Strategy 2 – the Highway 101 Gap Closure Project was fully completed in December 2010. A compliance audit of all consultant work related to the project was conducted in 2013 and final payment was made to the California Department of Transportation in 2014. No additional audit work is recommended under Strategy 2.

## Recommend Revisions

For Category 1 under Measure AA – Highways, most of the funds are expected to be used for consultant support that is managed by TAM staff. At least one compliance audit will be conducted for each major consultant support contract that's over \$1 million. The compliance audit will also cover TAM's contract management practice according to the requirements of the Measure AA Expenditure Plan and the contract.

# Strategy 3.1/Measure A & Major Road Measure AA

## Current Policy

For Strategy 3.1 – Major Road Sub-strategy, for major capital projects under this Sub-strategy, the compliance audit will be conducted by project phase. For purposes of the compliance audit, three project phases are defined: (1) Planning and Environmental Review, (2) Project Design and (3) Construction. TAM has the discretion to select any of the Major Road projects for a compliance audit.

## Recommend Revisions

For Strategy 3.1 under Measure A and Major Road Project Set Aside under Measure AA – Major Road Projects, the compliance audit will be conducted by project phase for each major project. For purposes of the compliance audit, three project phases are defined: (1) Planning and Environmental Review, (2) Project Design and (3) Construction. TAM has the discretion to select any phase of all major road projects for a compliance audit.

# Strategy 3.2/Measure A & Category 2/Measure AA

## Current Policy

For Strategy 3.2 – Local Street and Road Sub-strategy, one of the twelve local jurisdictions will be audited for compliance every year.

## Recommend Revisions

For Category 2 Under Measure AA – Local Transportation Infrastructure, one of the twelve local jurisdictions will be selected for compliance audit every year.

# Strategy 4.1/Measure A & Category 3.1/Measure AA

## Current Policy

For Strategy 4.1 – Safe Access to Schools Sub-strategy, since TAM developed a very thorough review process of all consultant contracts under this Sub-strategy in the Spring/Summer of 2008, a compliance audit is to be conducted every three years.

## Recommend Revisions

For Strategy 4.1 under Measure A and Category 3.1 under Measure AA – Safe Access to Schools, a compliance audit is to be conducted every three years or when a new contract is in place.

# Strategy 4.2/Measure A & Category 3.2/Measure AA

## Current Policy

For Strategy 4.2 – Crossing Guards Sub-strategy, a compliance audit of the selected crossing guard service vendor will be conducted every two years, except when a new vendor is brought onboard, then an audit will be conducted after the first full year of service.

## Recommend Revisions

For Strategy 4.2 under Measure A and Category 3.2 under Measure AA – Crossing Guards, a compliance audit of the selected crossing guard service vendor will be conducted every two years, except when a new vendor is brought onboard, then an audit will be conducted after the first full year of service.



# Strategy 4.3/Measure A & Category 3.3/Measure AA

## Current Policy

For Strategy 4.3 – Safe Pathways to School Sub-strategy, TAM has the discretion to select up to two consultants/local jurisdictions that incur expenditures of more than \$10,000 annually to conduct compliance audits.

## Recommend Revisions

For Strategy 4.3 under Measure A and Category 3.3 under Measure AA – Safe Pathways to School, TAM has the discretion to select up to two consultants/local jurisdictions that incur expenditures of more than \$10,000 annually to conduct compliance audits.

# Interest Revenue under Measure A & AA

## Current Policy

Measure A Interest Revenue Category – Projects/programs that receive Measure A interest revenue are subject to a compliance audit. As Measure A interest has been included in the Highway 101 Gap Closure, the audit of Measure A funds for that project will include the use of interest funds. For Measure A interest utilized for Class I path maintenance projects, an audit will be conducted following the third year of fund usage, for each project sponsor, and every third year after.

## Recommend Revisions

Measure A and Measure AA Interest Revenue – Projects/programs that receive interest revenue generated by the Measure A and Measure AA fund balances are subject to compliance audit. For interest revenue utilized for Class I path maintenance projects, an audit will be conducted following the third year of fund usage, for each project sponsor, and every third year after. The TAM Board also has the discretion to conduct compliance audits on any other projects/programs that receive sales tax interest revenue.

# COC Action Tonight and In the Future

- ✓ Reviews the proposed revisions to the Measure A ½-Cent Transportation Sales Tax Compliance Audit Policy, provides input, and refers it to the TAM Board for approval. First Revision May 2015
- ✓ Approve the list of funding recipients selected for the 2021 Audit Cycle in May



# Q&A

