

**PERFORMANCE AUDIT
OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
FOR THE THREE YEARS
ENDED JUNE 30, 2017**

**AUDIT PREPARED FOR THE
COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION**

**PREPARED BY
SMITH & NEWELL CPAS**

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Triennial Performance Audit
For the Three Years Ended June 30, 2017**

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EXECUTIVE SUMMARY

Smith and Newell CPAs was retained by the Colusa County Local Transportation Commission (CCLTC) to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2014-15 through 2016-17. As a Regional Transportation Planning Entity (RTPE), CCLTC 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 receiving TDA funding. TDA funds are used for CCLTC administration and planning of public transportation, and distribution for public transit services and non-motorized projects.

This performance audit is intended to describe how well CCLTC is meeting its administrative and planning obligations under TDA, as well as its organizational management and efficiency. To gather information for the TDA performance audit, Smith and Newell, CPAs conducted interviews with agency staff, reviewed various documents, and evaluated CCLTC's responsibilities, functions, and performance of the TDA guidelines and regulations.

Below are summaries of findings from the analysis:

1. CCLTC conducts its management of the TDA program in a competent, professional manner.
2. CCLTC has not adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.
3. CCLTC has not annually identified, analyzed, and recommended potential productivity improvements.
4. CCLTC has not adopted rules and regulations for the evaluation of claims under Article 4.5 of the TDA.

Three recommendations are provided to improve CCLTC's administration and management relating to TDA. Each recommendation is described in detail in Section V of this audit. These recommendations are summarized as follows:

1. Adopt rules and regulations regarding the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.
2. Form a productivity committee for the purpose of providing advice on productivity improvements.
3. Adopt rules and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services.

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SECTION I - INTRODUCTION

The Colusa County Local Transportation Commission (CCLTC) has retained the firm of Smith and Newell, CPAs to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years 2014-15 through 2016-17. As a Regional Transportation Planning Entity (RTPE), CCLTC 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 Department of Transportation (Caltrans) in order to continue to receive TDA funding.

The performance audit, as required by TDA, is intended to describe how well CCLTC is meeting its administrative and planning obligations under TDA.

The Colusa County Local Transportation Commission (CCLTC) is designated as the Regional Transportation Planning Entity (RTPE) for Colusa County. CCLTC is governed by a Board of Commissioners comprised of three members appointed by the Colusa County Board of Supervisors, one member appointed by the City of Williams, and two members appointed by the City of Colusa.

As the Regional Transportation Planning Entity for Colusa County, CCLTC serves as a medium for policy decisions affecting the transportation system for the County. This is reflected in the planning and programming of local, state, and federal transportation funds towards projects that provide improved highway and road maintenance, safety, traffic congestion relief, and economic development.

The methodology for the audit included in-person interviews with the transportation planner, collection and review of agency documents and data analysis. The Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, published by the California Department of Transportation (Caltrans), was used to guide the development and direction of the audit.

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SECTION II - AUDIT RESULTS

Results of Compliance Review

This section of the audit report contains the analysis of the CCLTC'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 Entities", which was developed by Caltrans to assess transportation planning agencies. The guidebook contains a checklist of fourteen key compliance requirements taken from relevant sections of the CPUC and the California Code of Regulations (CCR). Of the fourteen compliance measures, thirteen are applicable to CCLTC. Each of these requirements is discussed in the table below, including a description of the Commission's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

	Requirement	PUC Reference	Comments
(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 (LTF) monies apportioned to that area.	99231	CCLTC has three areas of apportionment, Colusa County, the City of Williams and the City of Colusa. CCLTC allocates LTF monies to claimants based on contract agreements, transit operator funding needs and requirements of the TDA. Conclusion: Complied
(2)	The RTPE has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	99233 and 99234	We noted CCLTC has not adopted written rules and regulations for the submission of claims for non-motorized allocations. However, we noted that the CCLTC has not undertaken any Pedestrian/Bicycle projects in the period under review. Conclusion: Exception
(3)	The RTPE has established a social services transportation advisory council. The RTPE must ensure that there is a citizen participation process that includes at least an annual public hearing.	99238 and 99238.5	CCLTC has established a Social Services Transportation Advisory Council (SSTAC) required under PUC 99238. The SSTAC participates on a number of issues, including the annual unmet transit needs hearings. Conclusion: Complied

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of Compliance Review (Continued)

	Requirement	PUC Reference	Comments
(4)	The RTPE has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPE's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit. • 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 RTPE, as determined by the RTPE, or else the operator has not received an allocation that exceeds its prior year allocation.	99244	The CCLTC has not identified, analyzed or recommended potential productivity improvements to Colusa County Transit Agency. Conclusion: Exception
(5)	The RTPE has ensured that all claimants to whom it allocated TDA funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year or has received a 90 day extension allowed by law.	99245	Completion/Submittal dates: Colusa County Transit Agency FY 2015: 03/02/16 FY 2016: 02/02/17 FY 2017: 02/16/18 Conclusion: Complied
(6)	The RTPE has designated an independent entity to conduct a performance audit of operators and itself (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 monies and to the RTPE 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.	99246 and 99248	For the current three year period, CCLTC has retained Smith and Newell, CPAs to conduct the audit of CCLTC and the transit operator, Colusa County Transit Agency (CCTA). CCLTC CCTA Conclusion: Complied

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of Compliance Review (Continued)

	Requirement	PUC Reference	Comments
(7)	The RTPE has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPE has certified in writing to the Director, that the performance audits of operators located in the area under its jurisdiction have been completed.	99246 (c)	CCLTC CCTA Conclusion: Complied
(8)	The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.	99246 (d)	The performance audit of the operator (CCTA) is being conducted by Smith and Newell, CPAs and includes all required elements. Conclusion: Complied
(9)	The RTPE has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	99270.1 and 99270.2	Transportation operators do not serve urbanized or newly urbanized areas. Conclusion: Not Applicable
(10)	The RTPE 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.	99275.5	The CCLTC has not adopted rules and regulations for the evaluation of claims under Section 4.5. The CCTA was allocated and claimed funds under Article 4.5 but relied on TDA statutes and the California Codes of Regulation Guidebook. CCLTC has not claimed any funds under Article 4.5. Conclusion: Exception

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of Compliance Review (Continued)

	Requirement	PUC Reference	Comments
(11)	State transit assistance funds received by the RTPe are allocated only for transportation planning and mass transportation purposes.	99310.5 and 99313.3 and Proposition 116	CCLTC allocates State Transit Assistance (STA) funds for transit services only. Conclusion: Complied
(12)	The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPe for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	99314.3	CCLTC administers STA funds in accordance with the relevant PUC requirements. In FY 2015, 2016, and 2017, STA funds were allocated to Colusa County Transit Agency. Conclusion: Complied
(13)	If TDA funds are allocated to purposes not directly related to public or specialized transportation services or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually: A. Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238; B. Identified transit needs, including: • Groups who are transit-dependent or transit disadvantaged, • Adequacy of existing transit services to meet the needs of groups identified, and • Analysis of potential alternatives to provide transportation services; C. Adopted or re-affirmed definitions of "unmet transit needs" and "reasonable to meet;" D. Identified the unmet transit needs, or there are no unmet transit needs or there are unmet transit needs that are reasonable to meet.	99401.5	CCLTC conducts an annual Unmet Transit Needs process pursuant to PUC Section 99401.5. LTF funds have only been allocated to streets and roads after completion of the unmet needs process, and if there are remaining funds after the allocation to transit. Conclusion: Complied

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of Compliance Review (Continued)

	Requirement	PUC Reference	Comments
(14)	The RTPE has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPE 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 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 RTPE must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.	California Code of Regulations, Section 6642	The accounting firm of Smith and Newell, CPAs conducted the financial audit of CCLTC for FYs 2015, 2016 and 2017. The Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year. CCLTC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close. Conclusion: Complied

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Review of the Implementation of Prior Audit Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the CCLTC has made quantifiable progress toward improving the efficiency and effectiveness of its public transit program.

Prior Recommendation No. 1

We recommend that the Commission adopt rules and regulations regarding the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles in accordance with Public Utilities Code Section 99233 and 99234.

Status

Not Implemented

Prior Recommendation No. 2

We recommend that the Commission consider forming a committee for the purpose of providing advice on productivity improvements in accordance with Public Utilities Code Section 99244.

Status

Not Implemented

Prior Recommendation No. 3

We recommend that the Commission adopt rules and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services to be provided in accordance with Public Utilities Code Section 99275.5.

Status

Not Implemented

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Functional Review of the RTPE

In this section a detailed assessment of CCLTC's functions and performance as a RTPE during this audit period is provided. Adapted from Caltrans' Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, CCLTC's activities can be divided into the following activities:

- Administration and Management
- Transportation Planning and Regional Coordination
- Claimant Relationships and Oversight
- Marketing and Transportation Alternatives
- Grant Applications and Management

A. Administration and Management

The Commission developed and approved resolutions authorizing the allocation of Local Transportation fund monies up to a set dollar amount to the transit operator without written authorization, \$150,000 contingency to be distributed by the Commission on an "as needed" basis, and the remainder of the Local Transportation funds to be distributed as apportioned by the Commission under Article 8 after the determination of Unmet Transit Needs findings and documentation. The Commission adopted a resolution to allocate State Transit Assistance funds to the transit operator on a quarterly basis.

The Commission is governed by a six member Board of Commissioners, one executive director, and one transportation secretary. The Board has not formed any committees such as a productivity committee. The Commission's responsibilities are guided by the Overall Work Program (OWP) which is approved by Caltrans as a condition of receipt of Regional Planning Assistance funds. The Commission has not established any goals or objectives other than those outlined in the Regional Transportation Plan (RTP) and has not set any performance goals or standards for staff.

The Commission adopted the current RTP in 2014. In a rural county, the RTP should be revised at least every five years. The Commission has contracted for a triennial performance audit of its functions and has contracted for or ensured that the transit operator, CCTA, contracted for and conducted a triennial performance audit of its activities.

The Colusa County Transportation Commission is an independent district of Colusa County. The Commission is staffed by employees of the Colusa County Public Works Department. These employees follow the personnel policies and practices of Colusa County including annual performance evaluations and personnel benefits.

B. Transportation Planning and Regional Coordination

The 2013 RTP was adopted January 2014 by the Colusa County Local Transportation Commission. The RTP provides general transportation policy guidance, identifies and assesses transportation needs, describes transportation available, and accounts for transportation needs over a 20 year period.

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SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Functional Review of the RTPE (Continued)

B. Transportation Planning and Regional Coordination (Continued)

The RTP includes an analysis of existing conditions and an assessment of needs. This includes short-range and long-range highway projects, transit needs and non-motorized projects and the estimated project cost. The RTP includes a policy element which identifies transportation goals, policies and objectives, an action element which establishes a plan for addressing the transportation issues and needs and prioritizes projects, a financial element which identifies available funding for projects identified in the action element, and an environmental review element which identifies steps to be taken during the design and construction phase of the identified projects.

C. Claimant Relationships and Oversight

The Commission, the Transit Manager and the Colusa County Auditor-Controller have copies of the transportation performance audit guidebook and the RTP. The Commission has not formed a productivity committee, has not approved a short term transit plan, and has not adopted rules regarding fare box recovery ratios or rules for the submission of claims. The Commission relies on the rules and regulations in the TDA Statutes and California Codes of Regulations guidebook.

The Commission does not have a formal process for the submission of claims. The Commission adopts a resolution authorizing the allocation of Local Transportation fund monies to the transit operator without written authorization, and \$150,000 contingency to be distributed by the Commission on an “as needed” basis. The Commission conducts an unmet needs hearing to determine if any unmet needs are reasonable to meet and should be funded. The remainder of the Local Transportation funds are distributed as apportioned by the Commission under Article 8 after the determination of Unmet Transit Needs findings and documentation. State Transit Assistance (STA) funds are allocated 100 percent as they are received. All STA funds are allocated to the Colusa County Transit Agency.

The Commission received copies of the transit fund annual financial and compliance audits.

D. Marketing and Transportation Alternatives

The Commission and the CCTA have printed transit schedules available for those wishing to use the transit system. Information is also available on CCTA’s website that provides interested persons with transit schedules and fares. The Commission has not contracted for or conducted any marketing campaigns designed to increase ridership or promote public transit or transportation alternatives. The Commission’s Executive Director does not believe that a marketing program is needed in this type of program. The marketing and public information program currently in place is sufficient for the size of the existing program.

E. Grant Applications and Management

The Colusa County Transit Manager prepares and submits grant applications on behalf of the transit agency. Grant applications are submitted for the federal FTA 5311 grants and the state STIP projects.

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SECTION III - CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The following summarizes the major conclusions obtained from this Triennial Performance Audit covering the years 2015 through 2017:

1. Of the fourteen compliance requirements, CCLTC fully complied with ten of the requirements. One additional requirement did not apply to CCLTC (operators providing services in urbanized or newly urbanized areas).
2. CCLTC is not in compliance with three of the requirements of Public Utilities Code Section 99233 and 99234, 99244, and 99275.5.
3. CCLTC has not implemented any of the three prior audit recommendations.

B. Current Year Recommendations

Current Year Recommendation No. 1

We recommend that the Commission adopt rules and regulations regarding the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles in accordance with Public Utilities Code Section 99233 and 99234.

Current Year Recommendation No. 2

We recommend that the Commission consider forming a committee for the purpose of providing advice on productivity improvements in accordance with Public Utilities Code Section 99244.

Current Year Recommendation No. 3

We recommend that the Commission adopt rules and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services to be provided in accordance with Public Utilities Code Section 99275.5.

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