

AGENDA: June 5, 2008

TO: Regional Transportation Commission
FROM: Daniel Nikuna, Fiscal Officer
RE: Fiscal Audit Contract

RECOMMENDATIONS

Staff recommends that the Santa Cruz County Regional Transportation Commission (RTC):

1. Approve the selection of Moss, Levy & Hartzheim as the fiscal auditor for another five-year term; and
 2. Approve the resolution (Attachment 1) authorizing the Executive Director to negotiate, execute and amend the contract with Moss, Levy & Hartzheim.
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BACKGROUND

At your April 3, 2008 meeting, the Commission authorized staff to issue a Request for Proposals (RFP) for the independent fiscal auditor. The selected auditing firm will perform the fiscal and compliance audit of all Regional Transportation Commission funds and TDA funds of all TDA claimants except the Santa Cruz Metropolitan Transit District (who hires their own consultant for a complete audit of all funds). The audit firm will also prepare the State Controller Report. \$20,000 is included in the adopted FY08-09 RTC budget for fiscal audits.

DISCUSSION

Commission staff distributed the fiscal audit request for proposals (RFP) to seven firms, and received only two proposals (Attachment 2). The Executive Director, Deputy Director and the Fiscal Officer evaluated both proposals based on five criteria delineated in the RFP, including qualifications, experience, reference checks, and cost.

The two respondents to the RFP are qualified; however, Moss, Levy & Hartzheim is more experienced in auditing organizations similar to the Commission. Staff recommends contracting with Moss, Levy & Hartzheim, who also submitted the lower cost proposal. The cost proposals (Attachment 2) to fully meet the Commission's FY07-08 audit requirements as stated in the RFP range from \$17,975 (Moss, Levy & Hartzheim) to \$24,400 (Mann, Huratia, Nelson, CPAs). In addition, Moss, Levy & Hartzheim has strong local references. The firm has been auditing the Transportation Agency for Monterey County (TAMC) for years. The firm's other current or past local clients include the cities of Capitola, Scotts Valley, and Watsonville.

Moss, Levy & Hartzheim has 29 professional staff in two offices in California. The Santa Maria office will handle the Commission's audits. A five-year contract is recommended due to cost

saving and operating efficiency of not issuing annual RFPs. Staff also recommends that the Commission authorize the Executive Director to increase the contract by no more than 5% above previous year costs to meet cost increases and unexpected needs.

SUMMARY

Staff recommends that the Commission retain Moss, Levy & Hartzheim as fiscal auditor and approve the resolution (Attachment 1) authorizing the Executive Director to negotiate a five-year contract with the firm.

Attachment 1: Resolution

2: List of Responding Firms and Costs

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