



DATE: June 27, 2019

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
Li Zhang, Chief Financial Officer

SUBJECT: Authorize the Executive Director to Negotiate and Award a Professional Contract for Measure A/AA Sales Tax Compliance Audit Services (Action), Agenda Item No. 7j

RECOMMENDATION:

The TAM Board authorizes the Executive Director to negotiate with and award a professional contract for Measure A/AA Sales Tax Compliance Audit Services to Moss, Levy, Hartzheim, LLP. Initial contract to be for \$60,000 and for a period of three years with two one-year optional extensions.

BACKGROUND:

The Expenditure Plans for Measure A, the original Half-cent Transportation Sales Tax approved by the voters in 2004, and for Measure AA, renewal of the Measure A approved by the voters in 2018, provide TAM with the authority to audit all Measure A/AA fund recipients for their use of the sales tax proceeds. Independent compliance audits are explicitly permitted under the terms and conditions of TAM's funding agreements/contracts with all Measure A/AA Half-cent Transportation Sales Tax funding recipients. The TAM Board adopted the Measure A Compliance Audit Policy at its October 28, 2010 Board meeting and the implementation of the Policy started in 2011, with the audit of Measure A Half-Cent Sales Tax expenditures which occurred in or prior to FY2010-11.

With the implementation of the projects/programs under Measure AA starting in FY2019-20, staff will also start the revision process to the current compliance audit policy to include Measure AA funding recipients/projects/programs and bring the revised policy for review and approve in the near future.

DISCUSSION/ANALYSIS:

TAM's contract with Vavrinek, Trine, Day & Co., LLP (VTD), the audit team that conducted the last three rounds of the Measure A Sales Tax Compliance Audit Services expired earlier this year. Staff issued a Request for Proposal on April 22, 2019 to solicit proposals for a new audit team to perform the compliance audit services for the next three to five-year period. Two very strong proposals were received as of May 10, 2019, the due day.

Charley Vogt, retired municipal financial officer as well as private banker, member of the Citizens' Oversight Committee, representing the Northern Marin Planning Area, Yoana Navarro, Accounting Manager of the Alameda County Transportation Commission, and Helen Yu-Scott, Finance and

Administrative Services Director of Town of San Anselmo, generously agreed to serve on the evaluation panel, along with TAM's Chief Financial Officer, Li Zhang.

The evaluation panel reviewed the proposals received and interviewed both teams on June 3, 2019. While the panel believed that both teams are fully qualified to carry out the work, the team from Moss, Levy, Hartzheim, LLP was recommended after thorough evaluation for its direct experiences with prior Measure A compliance audits, outstanding performance of the audit manager during the interview and the more cost-effective audit approaches presented.

FISCAL CONSIDERATION:

Total contract authority for the 3-year contract period is expected to be less than \$60,000. A total of \$20,000 is included in the FY2019-20 TAM Annual Budget to address this important compliance audit service need in the upcoming year.

NEXT STEP:

With the approval of the TAM Board, the Executive Director will start the negotiation with the selected team, Moss, Levy, Hartzheim, LLP, execute the contract and start the preparation work for the 2019 Compliance Audit Cycle.