



**FEBRUARY 14, 2008**

**AGENDA ITEM # 11**

**RESULTS OF INDEPENDENT AUDIT FOR FY 2006-07**

**Action Requested:** Receive and file

**Key Staff:** Mona Stephens, Senior Transportation Administrator

---

**Recommendation**

Receive and file the attached audit reports for fiscal year 2006-07 and direct staff to ensure correction of findings.

**Discussion**

In September 2007 the audits of the STA, SAVSA and their recipient entities for the fiscal year ended June 30, 2007 began. The results of that audit are presented today.

Unfortunately, there were more finding this year than usual. There were SAVSA findings for the County of Sacramento. There were Measure A findings for the Cities of Elk Grove and Sacramento. There were no findings for the other entities or for the STA administration.

Attached is the report of findings and recommendations from the auditors, and a list of planned follow ups by STA staff.

*Attachment(s)*

**SACRAMENTO TRANSPORTATION AUTHORITY  
AUDIT FINDINGS  
AUDIT OF FISCAL YEAR ENDED JUNE 30, 2007**

**City of Elk Grove Measure A**

FINDING - The Measure A Status Report provided by the City of Elk Grove to the Agency for the year ended June 30, 2007 reported current year expenditures of \$3,274,196 for roadway maintenance. However, the City's general ledger reported \$2,423,087 in expenditures for the Maintenance Fund. Consequently, there was a difference between the Status Report and the accounting record of \$851,109. City staff are unable to explain some of the amounts that were reported in a combined report for the 1<sup>st</sup> and 2<sup>nd</sup> Quarters, due to the person preparing this report no longer being employed by the City. The effect of this error was to over-report expenditures by \$851,109 on the Status Report and to exceed the fiscal year 2006/07 "Adjusted Budget" for roadway maintenance by \$363,774. The City has received payments from the Agency for these incorrectly reported expenditures and should adjust its claims during fiscal year 2007/08 to correct for this overpayment.

Follow up – Due to the seriousness of the finding, STA staff requested a formal response from Elk Grove. (See the attached response.) STA staff will monitor the progress of Elk Grove to ensure adequate follow through.

**City of Sacramento Measure A**

FINDING - The Measure A Status Report provided by the City of Sacramento to the Agency for the year ended June 30, 2007 reported current year expenditures of \$1,966,369 for road reconstruction. However, the City's general ledger reported \$2,017,478 in expenditures, after adjusting for an accrual of \$43,207. Consequently, there was a difference between the Status Report and the accounting record of \$51,109. This error has no affect on the amount of Measure A funds received, but results in the under-reporting of expenditures by \$51,109 on the Authority's Status Report. In addition, the City's Measure A Status Report for the year ended June 30, 2007 reported current year expenditures of \$10,065,186 for roadway maintenance. However, the City's general ledger reported \$9,219,872 in expenditures. Consequently, there was a difference between the Status Report and the accounting record of \$845,314. The accountant position responsible for the reporting of Measure A funded projects was vacant in excess of six months during this past fiscal year and City staff that undertook reporting of Measure A expenditures mistakenly ran general ledger reports that included payments received from the Authority and reported these as expenditures. The \$10,065,186 reported as "expended" is exactly equal to the City's fiscal year 2006/07 allocation for roadway maintenance. The effect of this error was to over-report expenditures by \$845,314 on the Authority's Status Report. The City has received payments from the Authority for these incorrectly reported expenditures and should adjust its claims during fiscal year 2007/08 to correct for this overpayment.

Follow up – Due to the seriousness of the finding, STA staff requested a formal response from Sacramento. (See the attached response.) STA staff will monitor the progress of Sacramento to ensure adequate follow through.

**City of Citrus Heights Measure A**

FINDING - In its Measure A Status Report provide to the Authority, the City of Citrus Heights reported \$488,361 of expenditures related to pedestrian safety. However, in reviewing the expenditures coded to this project, we noted that noted that most of the expenditures relate to

their annual asphalt overlay project, which appears more appropriately classified as road maintenance. While this classification issue does not affect the amount of Measure A the City receives, it does affect the reporting on the Status Report.

Follow up – Citrus Heights staff responded after the report was issued. Here is the response:

*As you may know, the Americans with Disabilities Act requires agencies and businesses to provide "equal" access for disabled persons. The Act basically requires an agency making significant improvement to a road way to bring existing sidewalks up to current compliance standards. Federal case law has found that resurfacing a roadway is considered "significant improvement". Therefore, as part of our annual road resurfacing projects, the City includes repair of failed sidewalk and installation of fully compliant curb access ramps at each intersection.*

*Installation of curb access ramps is certainly a pedestrian safety benefit and as such As evidenced by the attached pdfs representing Pay Requests 2 and 3 for the 2006 Asphalt Concrete Overlay Project, Items 3 and 5 are for 4" PCC Sidewalk and PCC Curb Access Ramps, respectively. On these invoices the two items combined total more than \$560,000. Although this work was done in conjunction with the annual overlay project, because the work specifically benefits pedestrians, the City has utilized Measure A Capital funds (Pedestrian Safety Improvements) to pay for a portion of this work.*

STA staff concurs with this explanations and deems this finding to be a non-issue.

### **County of Sacramento SAVSA**

FINDING - We selected a sample of 10 employees for the second quarter of fiscal year 2006/07 and noted one instance where a time was incorrectly coded to the SAVSA program. We expanded our test to include four additional employees and noted that four hours related to the SAVSA program for one employee were incorrectly charged to another program. While these discrepancies net to an immaterial amount, the County should ensure that controls are in place to detect errors in the coding of time.

In addition, we noted that the County does not have a procedure in place whereby the invoices from the tow company are reconciled to the tows entered into the County system. We recommend such a procedure be established to ensure the accuracy of the information provided to the Authority.

Follow up – These findings are relatively minor. STA staff will work with the County to ensure these deficiencies are corrected.