



FUNCTIONAL GUIDELINES

INTRODUCTION

The Measure A Ordinance and Expenditure Plan, approved by Sacramento County voters in November 2004, establishes a Sacramento Transportation Authority (STA) Independent Taxpayer Oversight Committee (ITOC). The ITOC provides taxpayers with an increased level of accountability for Measure A expenditures, beyond the annual fiscal and compliance audits already performed for the Measure A program. The ITOC functions in an independent, open and transparent manner to ensure that voter mandates are implemented as required by the Ordinance and Expenditure Plan and to generate constructive recommendations to enhance the financial integrity and performance of the Measure A program. The ITOC makes recommendations and reports to the STA Governing Board, which has ultimate responsibility for policies related to implementation of Measure A.

ROLES AND RESPONSIBILITIES

The Measure A Ordinance sets forth the general responsibility of the ITOC *“to supervise fiscal and performance audits regarding the use of all sales tax funds and provide for independent review to ensure that all Measure funds are spent in accordance with provisions of the Expenditure Plan and Ordinance as approved by the voters.”*

Specific ITOC responsibilities include:

- With the active involvement of the Authority’s Executive Director, review and approve the scope of work and budget for the preparation of an annual fiscal and compliance audit of all Measure A funded activities using the services of an independent auditing firm to assure compliance with the Ordinance and Expenditure Plan. The firm shall be selected under competitive procedure rules of the Authority.
- Present annually a report to the Governing Board on the results of the annual financial audit. Update program performance standards every 5 years to address project delivery, cost control, schedule adherence, and other applicable activities for consideration by the Governing Board.
- Supervise annual fiscal and periodic (e.g. triennial) performance audits of STA and recipient Measure A entities in accordance with Generally Accepted Auditing Standards and Governmental Auditing Standards issued by the Comptroller of the United States and Board approved performance standards. STA shall use the services of an independent professional auditor to perform the audit.
- Review and report to the Governing Board on the delivery status of Measure A capital projects and on-going programs on a quarterly basis.

- Provide recommendations as part of the required 10-year Expenditure Plan review process. This process affords the STA an opportunity to undertake a comprehensive review of the Measure A program every ten years to make recommendations for improving programs during the subsequent ten years.
- Review proposed debt financings to ensure that the benefits of accelerated project delivery exceed the cost of debt issuance. Performance standards will be established to include program review and analyze the benefits of accelerated project delivery versus debt issuance.
- Hold publically noticed meetings which may or may not be part of a regularly scheduled Board meeting.

The Committee will provide constructive advice to the Authority on how to improve implementation over the thirty-year course of the program for the benefit of Sacramento County residents and businesses. When directed by the STA Board, the Committee will study and report on other issues related to the current or future use of transportation sales tax funds. ITOC members and STA’s designated auditors shall have complete and timely access to all public documents, records, and data associated with Measure A revenues and expenditures. The ITOC will conduct its affairs in a manner that does not cause unnecessary delays in project and program delivery.

The following narrative provides general guidance for how the ITOC and Governing Board should interact as the ITOC performs its duties:

Advisory Resource – It is intended that the ITOC will function as an independent resource to advise STA in administering Measure A projects and programs. The Committee’s membership is designed to provide to STA a group of professionals who can collectively offer STA the experience and expertise to advance the effective and efficient administration of projects and programs. All deliberations will be conducted in an open manner, and the ITOC will provide regular reports to the public and to the Governing Board regarding project delivery and overall program performance.

Productivity & Cost Savings – It is intended that the ITOC will rely upon data and processes available at STA, recipient Measure entities information and reports, analyses and studies initiated by STA for the ITOC, and other relevant information generated by reliable sources. It is intended that the ITOC not result in increased costs to deliver the Measure A program.

Flexibility – It is intended that the ITOC will assist the STA in monitoring changing situations and technologies, and will make recommendations, as appropriate, for improving the financial integrity and performance of the Measure A program.

IMPLEMENTATION PROCEDURES

MEMBERSHIP

There shall be three voting members of the ITOC with the characteristics described below. The criteria established to select voting ITOC members is intended to provide the breadth of skills and experience needed for the ITOC to perform its duties and to function as a constructive partner in the on-going implementation of the Measure A program. Interested persons will be requested to submit applications as part of an open, publicly-noticed solicitation process.

The three voting members are:

- A professional—active or retired—in the field of municipal audit, finance and/or budgeting with a minimum of 5 years in a relevant and senior decision-making position in the public or private sector.
- A licensed civil engineer or trained transportation planner—active or retired—with at least five years of demonstrated experience in the field of transportation in government and/or the private sector.
- A current or retired manager of major public and/or privately financed development or construction projects, who by training and experience would understand the complexity, costs and implementation issues involved in building large-scale infrastructure improvements.

The ITOC also includes three non-voting, ex officio members:

- The current Chair of the STA Governing Board, or his or her designee
- The Executive Director of the STA
- The County of Sacramento Auditor-Controller, or his/her designee

TERMS AND CONDITIONS FOR ITOC MEMBERSHIP

Chair and Vice-Chair

The ITOC will select a Chair and Vice-Chair, both of whom must be voting members. Selection will occur at the first regular ITOC meeting following the beginning of STA's fiscal year. The Chair and Vice Chair will serve 2-year terms, although the term as Chair or Vice Chair shall not affect the Members overall four-year term.

The Chair will run the ITOC meetings, coordinate with staff on meeting agendas, and serve as the primary ITOC spokesperson before the Governing Board and public. The Vice-Chair assumes the Chair's functions when the Chair is unavailable.

Conflict of Interest

The three voting ITOC members shall be subject to the STA's conflict of interest policy. Members are prohibited from participating in any commercial activity directly or indirectly involving the STA or STA-funded projects during their tenure, and they shall have no direct commercial relationship with a public entity that may result in compensation from Measure A funds. ITOC members shall not be employed by a public entity that receives Measure A funds, nor shall they serve in elective office in Sacramento County.

Compensation

ITOC members shall serve without compensation except for expenses directly related to work of the ITOC.

ITOC FUNDING AND ADMINISTRATION

Annual Funding

Beginning with the effective date of the Measure A sales tax program on April 1, 2009, costs incurred in administering the ITOC, including costs related to supervision of audits, shall be derived annually from the 0.75% of Measure A proceeds set aside for STA administration. Funds earmarked specifically for the ITOC shall not exceed \$150,000 per year, adjusted annually for inflation during the 30-year term. Any earmarked ITOC funds not expended for this purpose during a fiscal year will be distributed in a supplemental allocation to the Measure A entities for expenditure on eligible on-going programs.

Budgets / Audits

An annual ITOC operating budget shall be prepared by staff and reviewed by the ITOC Chair. The proposed budget will be submitted to the Governing Board as part of the cumulative STA administrative budget. ITOC expenditures shall be audited annually as part of the same fiscal audit process required of all other Measure A expenditures.

Meetings

The ITOC will meet quarterly during the fiscal year. The Chair may schedule additional meetings or may cancel meetings as needed. The ITOC shall conduct its meetings according to generally accepted parliamentary procedures based on the principles set forth in *Roberts Rules of Order*. A quorum of the ITOC shall consist of two voting members. Actions and recommendations of the ITOC must be approved by at least two voting members.

All ITOC meetings shall be publicly noticed, and conducted in full compliance with the Brown Act open meeting requirements. STA will assist the ITOC in complying with public meeting laws, including posting meeting notices and agendas and recording ITOC actions. The STA will maintain a list of interested persons to whom ITOC meeting agendas and associated materials will be distributed. An Internet webpage containing ITOC agenda materials, reports, and related information will be developed and maintained as part of the STA website. Staff will strive to distribute agendas and related materials one week prior to scheduled ITOC meetings.

Consultants

Consultants recommended by the ITOC for audit purposes shall be selected based on an open and competitive solicitation of proposals from the widest possible number of qualified firms. The scope of work for all consultant activities shall be developed by STA staff and reviewed by the ITOC prior to any such solicitation. All consultant contracts valued at \$50,000 or more must be approved by the Governing Board.

ITOC STAFFING AND SUPPORT

General Support

STA shall provide reasonable staff support and technical assistance, and shall arrange adequate, accessible space for regularly scheduled meetings. STA will provide supplies and incidental materials needed for the ITOC to conduct its affairs.

The costs associated with such staffing and administrative support will be charged against the \$150,000 cap on annual funding set aside for ITOC administration. Under no circumstances will ITOC activities result in the hiring of additional administrative staff.

Independence

STA staff will cooperate and provide necessary support to the ITOC. The ITOC shall operate independently, except as otherwise set forth in the STA Ordinance No. 04-01.

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