



PREPARED FOR
**Sacramento Transportation
Authority**

PREPARED BY
Brown Armstrong Accountancy Corporation
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PROPOSAL

REVIEW OF AUP PROCEDURES
& PERFORMANCE STANDARDS



Cover Letter

September 23, 2026

Dustin Purinton
Chief Financial Officer
Sacramento Transportation Authority
801 12th Street, Floor 5
Sacramento, California 95814-2947

Dear Mr. Purinton:

Brown Armstrong Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to review the procedures and Performance Standards used in STA's Performance/Compliance Agreed-Upon Procedures (AUP) engagement and to present our recommendations to the Independent Taxpayer Oversight Committee (ITOC). This engagement is separate from, and in addition to, the ACFR audit and AUP services under our Auditor Services Agreement with STA. Through our current Performance/Compliance AUP engagement, we have established a productive working relationship with STA personnel and developed a thorough understanding of the Measure A program, its reporting requirements, and the objectives of the ITOC. This familiarity enables us to begin work efficiently. Because we also serve as STA's auditor, the Professional Standards and Independence section of this proposal describes how we will maintain our independence in this engagement. We look forward to the opportunity to build upon this relationship by delivering high-quality services that provide value to the STA and its stakeholders.

We understand that STA and the ITOC view these procedures as a means of effecting positive change in the organization. Based on our discussions with your staff, our review will address the relevance of the current procedures to the Measure A ordinance and expenditure plan, the effectiveness and usefulness of those procedures, a benchmarking comparison against five comparable California sales tax measure programs, and whether STA's resources are being used effectively to enforce ordinance requirements. Our recommendations will be delivered as a revised set of Performance Standards suitable for adoption and a comparative report on the five-agency benchmarking, followed by a virtual presentation to the ITOC introducing the proposed changes.

We are committed to the efficient completion of each component of this engagement on or before the agreed-upon deadlines, including the ITOC presentation scheduled for November 5, 2026. At Brown Armstrong, we understand that your timeframes must be met. As one of our key strengths, we develop an approach by which specific deliverables are achieved within set timeframes. We will work with you to develop a timeline that meets your specific requirements, meeting dates, fieldwork dates, status reporting dates, and final report dates.

Known as one of the largest regional accounting firms in Central California, Brown Armstrong's mission is "to exceed expectations and provide opportunities." Our 57 employees advance this mission by combining responsive client service with extensive experience serving governmental entities, transit

and transportation agencies, transportation planning authorities, and programs supported by voter-approved funding measures such as Measure A.

Ryan L. Nielsen, CPA, Partner, will negotiate with the STA on behalf of the Firm and is authorized to contractually bind Brown Armstrong Accountancy Corporation, and can be reached at Tel (661) 324-4971. I, the undersigned, certify that I am duly authorized to represent the above-named firm and am empowered to submit and negotiate the terms of this proposal with STA. Please contact me if I can clarify or expand on any item contained in this proposal.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

By: Ryan L. Nielsen, CPA
Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

Brown Armstrong Accountancy Corporation

4200 Truxtun Avenue, Suite 300

Bakersfield, CA 93309

Title of person signing on behalf of the corporation: Partner

Approach

Review of the AUP Procedures and Revised Performance Standards

We will conduct a comprehensive review of the procedures performed in STA's Performance/Compliance AUP engagement and the Performance Standards they apply. The ITOC has identified four areas for consideration, and our approach addresses each directly, as summarized below. Our objective throughout is the one STA has articulated: that these procedures serve as a means of effecting positive change in the organization.

Review Area	Our Approach
Ordinance / Expenditure Plan Relevance	We will map each procedure in Attachment A to the specific provision of Measure A Ordinance STA 04-01 or the voter-approved Expenditure Plan that it enforces. The mapping runs in both directions: we will identify procedures that cannot be traced to an ordinance or expenditure plan requirement, and ordinance and expenditure plan requirements for which no procedure currently exists. The result is a coverage matrix showing where testing aligns with the Ordinance and where it does not.
Effectiveness / Usefulness of the Procedures	We will evaluate each procedure against the results it has produced, drawing on the two most recent AUP cycles to identify which procedures have generated findings, which have consistently produced none, and how STA staff and the ITOC have used the results. We will give particular attention to objectives in the current Attachment A whose performance standard is listed as "None," since a procedure without a defined standard cannot produce a measurable result. Each procedure will be recommended for retention, revision, consolidation, or removal.
Comparisons with Other Transportation Audits	We will benchmark STA's procedures against five comparable California transportation sales tax measure programs, selected on the basis of a voter-approved measure administered by a county transportation authority, an independent oversight committee with a comparable mandate, and publicly available compliance or performance audit reports. For each program we will compare the scope of procedures performed, the performance standards applied, the structure and readability of the reports issued, and the role of the oversight committee in the process. Results will be presented in a comparative report identifying practices worth adopting, together with areas in which STA's current procedures already exceed peer practice. The comparison will rely solely on publicly available reports and information. No confidential information from any other engagement will be used. The five programs will be confirmed with STA at kickoff. For each program we will use its most recently published compliance or performance audit report.
Resource Effectiveness in Ordinance Enforcement	We will assess whether engagement effort is directed toward the areas of greatest risk and greatest enforcement value. This includes the current sampling thresholds (approximately 20% of transaction dollars for each agency selected, resulting in two to five transactions, with minimums of four agencies for the Ongoing Program and three for the Capital Program), the agency and project rotation schedule and the cycle over which it covers the population, and the relative effort spent across the three goal areas. Where effort and risk are not aligned, we will recommend reallocation. This evaluation covers the allocation of AUP effort, not STA staffing or administrative operations.

Deliverables

1. Written recommendations addressing each of the four areas above.
2. Revised AUP procedures and Performance Standards, drafted in the format of the current Attachment A and suitable for ITOC recommendation and Board adoption.
3. A comparative report presenting the results of the five-agency benchmarking, issued with the written recommendations as a single report.

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4. A virtual presentation to the ITOC on November 5, 2026 at 4:00 p.m. introducing the recommendations and the proposed revisions.

Supervision and Review

The engagement partner will direct the review and, with the engagement manager, draft the revised Performance Standards. The engagement partner will review all work as it is completed. Before the recommendations and revised Performance Standards are provided to STA, Neeraj Datta, CPA, CGMA, our technical review partner, will perform a concurring review. He is not otherwise involved in performing this engagement.

Professional Standards and Independence

This engagement is a consulting service performed in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. It is not an audit, review, examination, or agreed-upon procedures engagement, and we will not express an opinion or conclusion on STA's compliance with the Measure A Ordinance.

Brown Armstrong is engaged to perform STA's Performance/Compliance AUP engagement and ACFR audit under Government Auditing Standards. Recommending changes to the AUP procedures and Performance Standards is therefore a nonaudit service, and we will document our evaluation of threats to independence and the safeguards applied before work begins. STA will designate an individual with suitable skill, knowledge, and experience to oversee this engagement. Brown Armstrong will develop and recommend; STA, the ITOC, and the STA Board will decide which recommendations and revised Performance Standards to adopt. Consistent with the Auditor Services Agreement, the specific procedures for each AUP engagement will be documented and approved in writing by STA before fieldwork begins.

Assumptions

1. This engagement covers the review of the current AUP procedures and Performance Standards, the five-agency comparison, and revised AUP procedures and Performance Standards. It does not include performing any agreed-upon procedures. AUP testing remains under the Auditor Services Agreement.
2. The draft report will go through one round of STA review before it is finalized for the ITOC.
3. Our AUP fees under the Auditor Services Agreement were priced against the Performance / Compliance Audit Objectives and Performance Standards as currently adopted. If the revised Performance Standards adopted by the STA Board expand the procedures to be performed, we will provide STA a revised not-to-exceed amount for the affected AUP engagements, for approval by contract amendment before the additional work is performed.
4. The ITOC presentation will be delivered virtually in a single session.

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Procedures Review Timeline

This schedule assumes contract execution no later than October 16, 2026. If the contract is executed later, we will either move the ITOC presentation date with STA or present our recommendations to the ITOC on the basis of a preliminary draft.

Timing	Activity
September 24, 2026	ITOC consideration of this proposal
October 8, 2026	Board approval of the contract
Week of October 12	Engagement letter executed; kickoff call with STA staff; independence documentation completed
October 12 – 23	Ordinance and Expenditure Plan mapping; effectiveness review of the current procedures; benchmarking against five California sales tax measure programs
October 26 – 28	Drafting of the revised Performance Standards
October 29	Draft recommendations and revised Performance Standards provided to STA for review
October 30 – November 4	STA comments incorporated; presentation materials finalized
November 5, 4:00 p.m.	Virtual presentation to the ITOC

Cost Proposal

Listed below is the total all-inclusive, not-to-exceed price to perform the Review of the AUP Procedures and Revised Performance Standards engagement. This is a one-time fee and is separate from the fees under the Auditor Services Agreement.

Staff Level	Hours	Hourly Rate	Fee
Partner	14	\$475	\$6,650
Manager	41	\$275	\$11,275
Senior	11	\$160	\$1,760
Clerical	3	\$80	\$240
Total All-Inclusive Maximum Price	69		\$19,925

Rates for Additional Professional Services

We do not anticipate that additional services will be necessary to complete the engagement. If it should become necessary for STA to request Brown Armstrong to render any additional services or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an amendment to the contract between STA and the Firm. Any such additional work agreed to between STA and the Firm shall be performed at the same rates set forth in the schedule of professional fees and expenses included in this cost proposal.

Manner of Payment

Brown Armstrong agrees to progress payments on the basis of hours of work completed during the course of the engagement, up to the not-to-exceed amount above. No separate out-of-pocket expenses will be billed. Interim billings shall cover a period of not less than a calendar month. We understand the final payment will be made after delivery of the final reports.