



APRIL 10, 2025

AGENDA ITEM # 5

RECEIVE A PRESENTATION FROM THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE AND APPROVE THE MEASURE A PERFORMANCE AUDIT REPORT – JULY 1, 2018, THROUGH JUNE 30, 2023 AND MANAGEMENT LETTER

Action Requested: Receive and Approve

Presenters: Dustin Purinton, Accounting Manager
Robert Holderness, ITOC Chair

Recommendation

1. Staff recommends the STA Governing Board receive a presentation from STA Staff and the Independent Taxpayer Oversight Committee
2. Approve the Agreed-Upon Procedures Measure A Performance and Compliance Measures Report and Management Letter.

Background

Under the Measure A Ordinance (Ordinance), Exhibit B requires the Independent Taxpayer Oversight Committee (ITOC) to “*supervise periodic performance audits which shall be performed in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States and based on performance standards adopted by the Authority Board for each program or project funded in whole or in part with sales tax funds.*” Additionally, “*the ITOC shall, under the competitive procurement rules of the Authority and with the active involvement of the Executive Director, select a professional auditor to conduct the performance audit of expenditures of all sales tax funds and report findings based on the audit to the Authority and to the public.*”

During the May 2024 Board meeting, the STA Governing Board approved the proposed Performance Audit Objectives and Performance Standards. Together, the audit objectives and performance standards served as the basis for the work to be performed by the independent audit firm.

Additionally, during the May 2024 Board meeting, the ITOC recommended hiring Lance, Soll & Lunghard, LLP (LSL) to complete the performance audit. The Authority selected LSL under the competitive procurement rules established in state law and the Authority’s procurement policies to perform its annual financial audit. Because LSL has performed well for those services at a competitive price, the ITOC recommended, and the Board approved a fixed fee Performance Audit Contract in the amount of \$46,000.

Discussion

The Agreed Upon Procedures resulted in no exceptions on the procedures defined by the Authority and the ITOC. There were best practices identified as part of the AUP and documented in the Management Letter that are briefly described below with Authority staff corrective action.

- 1) Ongoing Measure A Balance Accumulation: Fund balances within Ongoing Programs have been increasing over time. To ensure timely use of funds, STA will introduce a formal review process and require all Ongoing Programs to submit a five-year spending plan.
- 2) Contract Timeliness: Some contracts have experienced extensions beyond their original timelines, affecting project delivery schedules. Authority staff will work with the ITOC to evaluate contract extensions more thoroughly before extensions or new contracts are executed.
- 3) Ongoing Program Reporting: Agency memorandums of understanding (MOU) for Measure A Ongoing Annual Programs do not define timeliness or maintenance of effort requirements. As MOUs renew new language will be added to define timeliness and maintenance of effort requirements. Additionally, staff will implement quarterly reporting for Measure A Ongoing balances.
- 4) Capital Improvement Program Tracking: No formalized tracking process for Capital Improvement Program (CIP) programmatic expenditures against the expenditure plan. STA staff are currently working with PFM on programmatic and agency level reporting. This will inform decisions on third decennial planning.
- 5) Measure A Impact Fee Forecasting: Impact Fee projections are updated infrequently, leading to variability and outdated assumptions. Staff will introduce a dynamic forecasting method with retrospective reviews at each period end.

STA staff believe that these changes will enhance financial oversight, public transparency and agency accountability.

Fiscal Impact

None, costs were borne by the staff report approving the contract in May of 2024.

Attachments

1. Agreed-Upon Procedures Measure A Performance and Compliance Measures Report
2. Management Letter