

BOARD MEETING DATE: January 6, 2023

AGENDA NO. 6

PROPOSAL: Execute Contract for Biennial Audit of Motor Vehicle Registration Revenues for FYs 2019-20 and 2020-21

SYNOPSIS: Health and Safety Code Section 44244.1 requires any agency receiving fee revenues pursuant to Section 44243 or 44244 to be subject to an audit of each program or project funded at least once every two years. On September 2, 2022, the Board approved the release of an RFP to select an auditor to perform the biennial audit for FYs 2019-20 and 2020-21. This action is to award a contract to Simpson & Simpson, Certified Public Accountants.

COMMITTEE: Administrative, December 9, 2022; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chair to execute a contract with Simpson & Simpson, Certified Public Accountants for performance of the biennial audit of Motor Vehicle Registration revenues for FYs 2019-20 and 2020-21 at a total cost not to exceed \$123,250. Sufficient funding is included in FY 2022-23 General Fund budget.

Wayne Nastri
Executive Officer

SJ:JK:AP

Background

AB 2766, chaptered into law as Health and Safety Code Sections 44220-44247, was enacted to authorize air pollution control districts to impose fees on motor vehicles. Fees are expended on mobile source air pollution reduction measures pursuant to the California Clean Air Act of 1988 or South Coast AQMD AQMP pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code. Health and Safety Code Section 44244.1(a) states, “any agency receiving fee revenues pursuant to Section 44243 or 44244 shall, at least once every two years, be subject to an audit of each program or project funded. The audit is to be conducted by an independent auditor

selected by South Coast AQMD in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code.” Audit program guidelines for local government recipients of fee revenues under Health and Safety Code Sections 44220-44247 were prepared by South Coast AQMD with input from the Technical Advisory Committee Audit Subcommittee of the Interagency AQMP Implementation Committee (IAIC), representatives of the Finance Committee of the League of California Cities, and Certified Public Accounting (CPA) firms whose clients include local governments. These audit guidelines were approved by IAIC and MSRC. The Board approved the audit guidelines on December 4, 1992, and approved revisions on January 13, 1995 and August 1, 2003. This is the fourteenth biennial audit of these fee revenues and covers FYs 2019-20 and 2020-21.

Proposal

On September 2, 2022, the Board approved an RFP to conduct the biennial audit of recipients of AB 2766 fee revenues. The audit will cover recipients in all three segments of the AB 2766 fee distribution to determine whether the fee revenues collected in FYs 2019-20 and 2020-21 were spent on the reduction of pollution from motor vehicles. The primary purpose of the audit is to set forth an opinion regarding the propriety of the expenditures incurred, not the degree of efficacy in reducing air pollution.

Outreach

In accordance with South Coast AQMD’s Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to South Coast Basin.

Additionally, potential bidders were notified utilizing South Coast AQMD’s own electronic listing of certified minority vendors. Notice of the RFP was e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on South Coast AQMD’s website (<http://www.aqmd.gov>) where it could be viewed by making the selection “Grants & Bids.”

Bid Evaluation

South Coast AQMD received two proposals from CPA firms that are qualified to perform audits in the State of California. All the proposals were received by the 3:00 p.m., October 14, 2022 deadline and were evaluated by a technically qualified panel in accordance with criteria contained in the RFP.

Panel Composition

The panel convened to evaluate the proposals consisted of: Riverside County Executive Office Principal Management Analyst (MSRC), City of Murrieta Financial Analyst (Local Governments), South Coast AQMD Financial Services Manager and a South Coast AQMD Financial Analyst. Of the four panelists that scored the proposals one is female and three are male. The panelist consisted of an Asian, Filipino, Asian/Filipino and a Caucasian.

Both of the proposals received were rated technically qualified to perform the audit of the AB 2766 program and were scored for cost. The evaluation results for the two proposals are:

BIDDER	TECHNICAL SCORE	BID AMOUNT	COST	SMALL/ LOCAL BUSINESS	TOTAL POINTS	OVERALL RANK
Simpson & Simpson, Certified Public Accountants	64.8	\$123,250	28.7	15	108.5	1 st
BCA Watson Rice, LLP	60.3	\$118,300	30	15	105.3	2 nd

The selection criteria used to rank the proposals included responsiveness to the RFP; technical expertise; qualifications and experience; past performance; cost; and small business/small business joint venture/disabled veteran business enterprise/disabled veteran business enterprise joint venture/disabled veteran business enterprise/small business subcontractors/local business designation (non-EPA).Based on the panel’s assessment of the criteria, Simpson & Simpson, Certified Public Accountants was selected to be recommended to the Board.

Resource Impacts:

The maximum audit cost is \$123,250. The total audit costs will be borne by the entities being audited as follows:

- The cost of the audit of South Coast AQMD's portion of motor vehicle registration revenues is \$3,950. Sufficient funds are included in the FY 2022-23 Budget;
- The cost of the audit of ten projects of the Mobile Source Air Pollution Reduction Trust Fund is \$8,000 and shall be deducted from the FY 2022-23 revenues subvended to the Mobile Source Air Pollution Reduction Review Committee; and
- The total cost of eighty-three financial audits and thirty compliance audits of local governments is up to a maximum of \$111,300. This cost will be borne by the entities being audited in the manner set forth in the audit program guidelines and will be deducted from quarterly fee revenues prior to distribution.