

BOARD MEETING DATE: April 2, 2021

AGENDA NO. 6

**PROPOSAL:** Execute Contract for Biennial Audit of Motor Vehicle Registration Revenues for FYs 2017-18 and 2018-19

**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 November 6, 2020, the Board approved the release of an RFP to select an auditor to perform the biennial audit for FYs 2017-18 and 2018-19. This action is to award a contract to BCA Watson Rice LLP, Certified Public Accountants and Advisors.

**COMMITTEE:** Administrative, March 12, 2021; Recommended for Approval

**RECOMMENDED ACTION:**

Authorize the Chairman to execute a contract with BCA Watson Rice LLP, Certified Public Accountants and Advisors for performance of the biennial audit of Motor Vehicle Registration revenues for FYs 2017-18 and 2018-19 at a total cost not to exceed \$100,800. Sufficient funding is included in FY 2021 general fund budget.

Wayne Nastri  
Executive Officer

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**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 the 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 that 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 with Certified Public Accounting (CPA) firms whose clients include local governments. These audit guidelines were approved by the IAIC, MSRC and by the Board on December 4, 1992 and further revised and approved in January 1995, and again in August 2003. This is the thirteenth biennial audit of these fee revenues and covers FYs 2017-18 and 2018-19.

### **Proposal**

On November 6, 2020, 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 2017-18 and 2018-19 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 the 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., January 15, 2020 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: City of Los Angeles Assistant Director of Transportation (Local Governments/MSRC), South Coast AQMD Planning and Rules Manager of Transportation Programs, a South Coast AQMD

Financial Analyst (CPA) and another South Coast AQMD Financial Analyst (CPA Candidate). Of the four panelists that scored the proposals one is female and three are male. One panelist is Hispanic and three are 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
BCA Watson Rice, LLP.	64.5	\$100,800	30.0	15	109.5	1 <sup>st</sup>
Simpson & Simpson, Certified Public Accountants	61.8	\$106,850	28.3	15	104.9	2 <sup>nd</sup>

The selection criteria used to rank the proposals included responsiveness to the RFP; technical expertise; qualifications and experience; past performance; cost; and SB/SBJV/DVBE/DVBEJV/DVBE/SB subcontractors/local business designation (non-EPA). Based on the panel's assessment of the criteria, BCA Watson Rice, LLP Certified Public Accountants and Advisors was selected to be recommended to the Board.

**Resource Impacts:**

The maximum audit cost is \$100,800. 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 \$4,850. Sufficient funds are included in the FY 2020-21 Budget;
- The cost of the audit of ten projects of the Mobile Source Air Pollution Reduction Trust Fund is \$8,200 and shall be deducted from the FY 2021-22 revenues subvended to the Mobile Source Air Pollution Reduction Review Committee; and
- The total cost of eighty-nine financial audits and twenty-one compliance audits of local governments is up to a maximum of \$87,750. 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.