

Attachment B: Scope of Work

Performance Audits for all agencies listed in Section I for fiscal years ending June 2023, 2024, and 2025.

A) Determine Compliance with Statutory and Regulatory Requirements

The consultant will be required to review and determine HCAOG's and each of the operator's compliance with the Transportation Development Act and related sections of the California Code of Regulations. At a minimum, the Code Sections for which compliance is to be verified are those specified within the "Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities" published by the California Department of Transportation (September 2008, 3rd Edition). Should the consultant identify instances of non-compliance, a finding regarding the noncompliance should be made in the audit report.

B) Follow-Up on Prior Performance Audit Recommendations

The consultant will review the prior performance audits for HCAOG and each transit operator and assess implementation of audit recommendations. These audits are available on HCAOG's website: <https://www.hcaog.net/funding-administration> under Triennial Performance Audits. The auditor will need to make determinations as to whether recommendations that have not been implemented are (a) no longer applicable, (b) infeasible, or (c) should still be implemented. If a prior audit recommendation has not been implemented but still has merit, the consultant should include the prior audit recommendation in the current audit report. The consultant will evaluate recommendations that have been implemented or are being implemented. For these recommendations, the consultant should assess the benefits provided (or likely to be provided) by the recommendation. Significant accomplishments in implementing prior recommendations should also be recognized.

C) Verify Performance Indicators for Transit Operators

As part of the performance audit, Section 99246 of the Public Utilities Code requires verification of five performance indicators: operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee (as defined in Section 99247 – Performance Measure Definitions). The consultant will review and validate the operator's collection of basic data needed to calculate these indicators for each fiscal year and transit mode (e.g., fixed route, demand response, commuter). The consultant will be expected to analyze performance indicators with the intent of identifying potential issues or concerns that may need further examination during the functional review.

As part of the functional review described below, the consultant will be expected to select, calculate, analyze and recommend performance indicators that are appropriate to identify, quantify, and/or resolve performance problems and potential areas for improvement.

D) Review Operator Functions

The consultant will review each operator function as part of an on-site visit, consistent with the "Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities" (September 2008, 3rd Edition). The functional review is expected to include interviews with the transit operator's management, staff, and governing board, as well as with selected HCAOG staff. Concerns over inefficient or ineffective operator performance may be raised by:

- Operator and HCAOG interviews concerning operator functions;
- Documents, such as user surveys or short-range transit plans;
- Review and analysis of TDA-required performance indicators;
- Follow up on prior performance audits; and,
- Review of operator compliance with statutory and regulatory requirements.

Such concerns of inefficient performance should lead to further investigation, which may include the verification and calculation of additional performance indicators. The detailed investigation of functional concerns, problems, and potential improvements should make up the basis of most findings in the audit report.

E) Review HCAOG Functions

The consultant will review each HCAOG TDA-related function, consistent with “Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities” (September 2008, 3rd Edition). The functional review is expected to include interviews with HCAOG’s jurisdictions. Supplemental interviews with other regional agencies, and State or federal agencies may be appropriate to gather more detailed information about areas of concern. Concerns over inefficient or ineffective HCAOG performance may be raised by:

- HCAOG and operator interviews concerning HCAOG functions;
- Documents, such as the regional transportation plan, and adopted policies and procedures for evaluating TDA claims;
- Follow up on prior performance audits; and
- Review of HCAOG compliance with statutory and regulatory requirements.

Such concerns of inefficient or ineffective performance should lead to further investigation. The detailed investigation of functional concerns, problems, and potential improvements should make up the basis of most findings in the audit report.

REQUIRED DELIVERABLES

The consultant must provide one (1) electronic (pdf) copy of the draft reports to HCAOG and all transit agencies for review and comment prior to finalization. After HCAOG and the operators review and comment on the draft reports, the consultant must provide a final pdf copy to HCAOG. The report must address each of the performance audit project requirements outlined above. Also, the consultant should be prepared to make an oral presentation to the HCAOG Board of Directors.