

**PERFORMANCE AUDIT
OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
FOR THE THREE YEARS
ENDED JUNE 30, 2011**

**SUBMITTED TO COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION**

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**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

Table of Contents

	Page
Transmittal Letter	i
Executive Summary	ii
Section I	
Introduction	1
Section II	
Compliance Requirements	2-6
Section III	
Prior Triennial Performance Audit Recommendations	7
Section IV	
Detailed Review of RTPA Functions	7
A. Administration and Management	8
B. Transportation Planning and Regional Coordination	8
C. Claimant Relationships and Oversight	9
D. Marketing and Transportation Alternatives	9
E. Grant Applications and Management	9
Section V	
Findings and Recommendations	10-13

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TRANSMITTAL LETTER

Colusa County Board of Supervisors
and Transportation Commission
County of Colusa
Colusa, California

We have conducted a performance audit of the Colusa County Local Transportation Commission for the three years ended June 30, 2011. We conducted our audit in accordance with the requirements of the California Public Utilities Code.

The purpose of this performance audit was to evaluate the efficiency, effectiveness, and the economy of the operation of the Colusa County Local Transportation Commission in accordance with the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities as issued by the State of California Business, Transportation and Housing Agency California Department of Transportation Mass Transportation Program.

This report is intended for the information of management, the Colusa County Local Transportation Commission and the California Department of Transportation. However, this report is a matter of public record and its distribution is not limited.



Smith & Newell, CPAs
Yuba City, California
March 26, 2012

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

Executive Summary

Smith and Newell CPAs was retained by the Colusa County Local Transportation Commission (CCLTC) to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2008-09 through 2010-11. As a Regional Transportation Planning Agency (RTPA), CCLTC is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California State Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funds are used for CCLTC administration and planning of public transportation, and distribution for public transit services and non-motorized projects.

This performance audit is intended to describe how well CCLTC is meeting its administrative and planning obligations under TDA, as well as its organizational management and efficiency. To gather information for the TDA performance audit, Smith and Newell, CPAs conducted interviews with agency staff, reviewed various documents, and evaluated CCLTC's responsibilities, functions, and performance of the TDA guidelines and regulations.

Below are summaries of findings from the analysis:

1. CCLTC conducts its management of the TDA program in a competent, professional manner.
2. CCLTC has not adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.
3. CCLTC has not annually identified, analyzed, and recommended potential productivity improvements.
4. Annual fiscal and compliance audit for FY 2009 was not submitted to CCLTC and the State Controller within 180 days following the end of the fiscal year.
5. CCLTC has not adopted rules and regulations for the evaluation of claims under Article 4.5 of the TDA.

Four recommendations are provided to improve CCLTC's administration and management relating to TDA. Each recommendation is described in detail in Section V of this audit. These recommendations are summarized as follows:

1. Adopt rules and regulations regarding the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.
2. Form a productivity committee for the purpose of providing advice on productivity improvements.
3. Coordinate receipt of annual fiscal and compliance audit reports from each claimant receiving an allocation of TDA funds within the legally prescribed time limit.
4. Adopt rules and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION I

Introduction

The Colusa County Local Transportation Commission (CCLTC) has retained the firm of Smith and Newell, CPAs to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years 2008-09 through 2010-11. As a Regional Transportation Planning Agency (RTPA), CCLTC is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

The performance audit, as required by TDA, is intended to describe how well CCLTC is meeting its administrative and planning obligations under TDA.

The Colusa County Local Transportation Commission (CCLTC) is designated as the Regional Transportation Planning Agency (RTPA) for Colusa County. CCLTC is governed by the Board of Commissioners. The Commission is comprised of three members appointed by the County Board of Supervisors, one member appointed by the City of Williams, and two members appointed by the City of Colusa.

As the Regional Transportation Planning Agency for Colusa County, CCLTC serves as a medium for policy decisions affecting the transportation system for the County. This is reflected in the planning and programming of local, state, and federal transportation funds towards projects that provide improved highway and road maintenance, safety, traffic congestion relief, and economic development.

The methodology for the audit included in-person interviews with the transportation planner, collection and review of agency documents and data analysis. The Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, published by the California Department of Transportation (Caltrans), was used to guide the development and direction of the audit.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION II

Compliance Requirements

This section of the audit report contains the analysis of the CCLTC’s ability to comply with State requirements for continued receipt of TDA funds. The evaluation uses the guidebook, “Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities”, which was developed by Caltrans to assess transportation planning agencies. The guidebook contains a checklist of fourteen key compliance requirements taken from relevant sections of the CPUC and the California Code of Regulations (CCR). Of the fourteen compliance measures, thirteen are applicable to CCLTC. Each of these requirements is discussed in the table below, including a description of the Commission’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

	Requirement	PUC Reference	Y/N	Comments
(1)	All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	99231	Y	CCLTC has three areas of apportionment, Colusa County, the City of Williams and the City of Colusa. CCLTC allocates LTF monies to claimants based on contract agreements, transit operator funding needs and requirements of the TDA.
(2)	The RTPE has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	99233 and 99234	N	We noted CCLTC has not adopted written rules and regulations for the submission of claims for non-motorized allocations. However, we noted that the CCLTC has not undertaken any Pedestrian/Bicycle projects in the period under review.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION II (CONTINUED)

Compliance Requirements (Continued)

	Requirement	PUC Reference	Y/N	Comments
(3)	The RTPE has established a social services transportation advisory council. The RTPE must ensure that there is a citizen participation process that includes at least an annual public hearing.	99238 and 99238.5	Y	CCLTC has established a Social Services Transportation Advisory Council (SSTAC) required under PUC 99238. The SSTAC participates on a number of issues, including the annual unmet transit needs hearings.
(4)	The RTPE has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPE's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit. <ul style="list-style-type: none"> • A committee for the purpose of providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPE, as determined by the RTPE, or else the operator has not received an allocation which exceeds its prior year allocation. 	99244	N	The CCLTC has not identified, analyzed or recommended potential productivity improvements to Colusa County Transit Agency.
(5)	The RTPE has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	99245	N Y Y	Completion/Submittal dates: Colusa County Transit Agency FY 2009: 03/19/10 FY 2010: 02/22/11 FY 2011: In progress

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION II (CONTINUED)

Compliance Requirements (Continued)

	Requirement	PUC Reference	Y/N	Comments
(6)	The RTPE has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPE within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.	99246 and 99248	Y Y	For the current three year period, CCLTC has retained Smith and Newell, CPAs to conduct the audit of CCLTC and the transit operator, Colusa County Transit Agency (CCTA). CCLTC CCTA
(7)	The RTPE has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPE has certified in writing to the Director, that the performance audits of operators located in the area under its jurisdiction have been completed.	99246 (c)	Y Y	CCLTC CCTA
(8)	The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.	99246 (d)	Y	The performance audit of the operator (CCTA) is being conducted by Smith and Newell, CPAs and includes all required elements.
(9)	The RTPE has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	99270.1 and 99270.2	N/A	Transportation operators do not serve urbanized or newly urbanized areas.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION II (CONTINUED)

Compliance Requirements (Continued)

	Requirement	PUC Reference	Y/N	Comments
(10)	The RTPE has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.	99275.5	N	The CCLTC has not adopted rules and regulations for the evaluation of claims under Section 4.5. The CCTA was allocated and claimed funds under Article 4.5 but relied on TDA statutes and the California Codes of Regulation Guidebook. CCLTC has not claimed any funds under Article 4.5.
(11)	State transit assistance funds received by the RTPE are allocated only for transportation planning and mass transportation purposes.	99310.5 and 99313.3 and Proposition 116	Y	CCLTC allocates State Transit Assistance (STA) funds for transit services only.
(12)	The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPE for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	99314.30	Y	CCLTC administers STA funds in accordance with the relevant PUC requirements. In FY 2009 and 2010, STA funds were allocated to Colusa County Transit Agency. No STA funds were received or allocated in 2011.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION II (CONTINUED)

Compliance Requirements (Continued)

	Requirement	PUC Reference	Y/N	Comments
(13)	<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> • Groups who are transit-dependent or transit disadvantaged, • Adequacy of existing transit services to meet the needs of groups identified, and • Analysis of potential alternatives to provide transportation services; • Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;” • Identified the unmet transit needs, or there are unmet transit needs that are reasonable to meet. 	99401.5	Y	<p>CCLTC conducts an annual Unmet Transit Needs process pursuant to PUC Section 99401.5.</p> <p>LTF funds have only been allocated to streets and roads after completion of the unmet needs process, and if there are remaining funds after the allocation to transit.</p>
(14)	<p>The RTPE has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPE must transmit the audit report to the State Controller within 12 months of the end of each fiscal year in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPE must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p>	California Code of Regulations, Section 6642	Y	<p>The accounting firm of Smith and Newell, CPAs conducted the financial audit of CCLTC for FYs 2009, 2010 and 2011. The Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year.</p> <p>CCLTC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p>

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION III

Prior Triennial Performance Audit Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the CCLTC has made quantifiable progress toward improving the efficiency and effectiveness of its public transit program.

2008-1 Productivity Improvements

Recommendation: We recommend that the Commission consider forming a committee for the purpose of providing advice on productivity improvements.

Status: Not Implemented

2008-2 Annual Audit Report

Recommendation: We recommend that the Commission ensure that annual fiscal and compliance audit reports are received from each claimant receiving an allocation of TDA funds within the legally prescribed time limit.

Status: Partially Implemented

2008-3 Article 4.5 Claims

Recommendation: We recommend that the Commission adopt rules and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services to be provided.

Status: Not Implemented

SECTION IV

Detailed Review of RTPA Functions

In this section a detailed assessment of CCLTC's functions and performance as a RTPA during this audit period is provided. Adapted from Caltrans' Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, CCLTC's activities can be divided into the following activities:

- Administration and Management
- Transportation Planning and Regional Coordination
- Claimant Relationships and Oversight
- Marketing and Transportation Alternatives
- Grant Applications and Management

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION IV (CONTINUED)

Detailed Review of RTPA Functions (Continued)

A. Administration and Management

The Commission developed and approved resolutions authorizing the allocation of Local Transportation fund monies up to a set dollar amount to the transit operator without written authorization, \$150,000 contingency to be distributed by the Commission on an “as needed” basis, and the remainder of the Local Transportation funds to be distributed as apportioned by the Commission under Article 8 after the determination of Unmet Transit Needs findings and documentation. The Commission adopted a resolution to allocate State Transit Assistance funds to the transit operator on a quarterly basis.

The Commission is governed by a six member Board of Commissioners, one executive director, and one transportation secretary. The Board has not formed any committees such as a productivity committee. The Commission’s responsibilities are guided by the Overall Work Program (OWP) which is approved by Caltrans as a condition of receipt of Regional Planning Assistance funds. The Commission has not established any goals or objectives other than those outlined in the Regional Transportation Plan (RTP) and has not set any performance goals or standards for staff.

The Commission adopted the current RTP in 2008. In a rural county, the RTP should be revised at least every five years. The Commission has contracted for a triennial performance audit of its functions and has contracted for or ensured that the transit operator, CCTA, contracted for and conducted a triennial performance audit of its activities.

The Colusa County Transportation Commission is an independent district of Colusa County. The Commission is staffed by employees of the Colusa County Public Works Department. These employees follow the personnel policies and practices of Colusa County including annual performance evaluations and personnel benefits.

B. Transportation Planning and Regional Coordination

The 2009 RTP was adopted December 2008 by the Colusa County Local Transportation Commission. The RTP provides general transportation policy guidance, identifies and assesses transportation needs, describes transportation available, and accounts for transportation needs over a 20 year period.

The RTP includes an analysis of existing conditions and an assessment of needs. This includes short-range and long-range highway projects, transit needs and non-motorized projects and the estimated project cost. The RTP includes a policy element which identifies transportation goals, policies and objectives, an action element which establishes a plan for addressing the transportation issues and needs and prioritizes projects, a financial element which identifies available funding for projects identified in the action element, and an environmental compliance element which identifies steps to be taken during the design and construction phase of the identified projects.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION IV (CONTINUED)

Detailed Review of RTPA Functions (Continued)

C. Claimant Relationships and Oversight

The Commission, the Transit Manager and the Colusa County Auditor-Controller have copies of the transportation performance audit guidebook and the RTP. The Commission has not formed a productivity committee, has not approved a short term transit plan, and has not adopted rules regarding fare box recovery ratios or rules for the submission of claims. The Commission relies on the rules and regulations in the TDA Statutes and California Codes of Regulations guidebook.

The Commission does not have a formal process for the submission of claims. The Commission adopts a resolution authorizing the allocation of Local Transportation fund monies of \$550,000 (\$775,000 beginning in fiscal year ending June 30, 2011) to the transit operator without written authorization, \$150,000 contingency to be distributed by the Commission on an “as needed” basis. The Commission conducts an unmet needs hearing to determine if any unmet needs are reasonable to meet and should be funded. The remainder of the Local Transportation funds are distributed as apportioned by the Commission under Article 8 after the determination of Unmet Transit Needs findings and documentation. State Transit Assistance (STA) funds are allocated 100% as they are received. All STA funds are allocated to the Colusa County Transit Agency. No STA funds were received or allocated in 2011.

The Commission received copies of the transit fund annual financial and compliance audits. However, the audit for FY 2009 was not completed within 180 days after the end of the fiscal year and CCTA did not request or receive a 90 day extension from the Commission.

D. Marketing and Transportation Alternatives

The Commission and the CCTA have printed transit schedules available for those wishing to use the transit system. Information is also available on CCTA’s website that provides interested persons with transit schedules and fares. The Commission has not contracted for or conducted any marketing campaigns designed to increase ridership or promote public transit or transportation alternatives. The Commission’s Executive Director does not believe that a marketing program is needed in this type of program. The marketing and public information program currently in place is sufficient for the size of the existing program.

E. Grant Applications and Management

The Colusa County Transit Manager prepares and submits grant applications on behalf of the transit agency. Grant applications are submitted for the federal FTA 5311 grants and the state STIP projects.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION V

Findings and Recommendations

2011-1 Bicycle/Pedestrian Claims

Condition

The Commission has not adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.

Cause

The Commission relies on the Transportation Development Act Statutes and California Codes of Regulations guidebook and has not adopted it's own rules and regulations.

Criteria

The Public Utilities Code Section 99234 requires that claims for facilities provided for the exclusive use of pedestrians and bicycles or for bicycle education safety programs be filed in accordance with rules and regulations adopted by the transportation planning agency.

Effect of Condition

The Commission has not adopted rules and regulations regarding bicycle and pedestrian facilities claims.

Recommendation

We recommend that the Commission adopt rules and regulations regarding the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.

Corrective Action Plan

It has been the desire of the Commission to have discretion and flexibility in regards to the use of monies covered by Public Utilities Code Section 99234 exclusively for pedestrians and bicycles. We recognize the importance of adopting our own rules and regulations for these potential uses. We will work towards written policies in this area for future use if the need should ever arise.

2011-2 Productivity Improvements

Condition

The Commission has not annually identified, analyzed, and recommended potential productivity improvements which could lower the operating costs of the transit operator.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION V (CONTINUED)

Findings and Recommendations (Continued)

2011-2 Productivity Improvements (Continued)

Cause

The Commission does not have a productivity committee.

Criteria

The Public Utilities Code Section 99244 requires that the transportation planning agency shall annually identify, analyze, and recommend potential productivity improvements which could lower operating costs of those operators who operate at least 50 percent of the vehicle service miles within the area under its jurisdiction.

Effect of Condition

The Commission is not in compliance with Public Utilities Code Section 99244.

Recommendation

We recommend that the Commission consider forming a committee for the purpose of providing advice on productivity improvements.

Corrective Action Plan

We understand the importance of ensuring that our Transit Agency operations are running in the most cost-efficient and productive manner possible. We will look at forming a committee to assist the Transit Manager in looking at areas of possible improvement in order to lower operating costs and making sure that the public receives the most optimal service possible.

2011-3 Annual Audit Report

Condition

We noted that the annual fiscal and compliance audit reports for June 30, 2009 for the Colusa County Transit Agency were not submitted to the Commission (RTPA) and State Controller within 180 days following the end of the fiscal year.

Cause

The Colusa County Transit Agency reports were not submitted within 180 days following the end of the fiscal year, however if they had requested a 90 day extension, the reports would have been considered timely.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION V (CONTINUED)

Findings and Recommendations (Continued)

2011-3 Annual Audit Report (Continued)

Criteria

Public Utilities Code Section 99245 requires that the RTPA ensure that all claimants receiving an allocation of TDA funds submit annual fiscal and compliance audit reports to the RTPA and the State Controller within 180 days following the end of the fiscal year.

Effect of Condition

The Commission is not in compliance with Public Utilities Code Section 99245 for fiscal year June 30, 2009.

Recommendation

We recommend that the Commission ensure that annual fiscal and compliance audit reports are received from each claimant receiving an allocation of TDA funds within the legally prescribed time limit.

Corrective Action Plan

We recognize that the Colusa County Transit Agency neglected to request a 90-day extension in order to submit the annual fiscal and compliance audit report by June 30, 2009. However, in subsequent years, the have requested the allowable 90-day extensions. We will ensure in future years that all claimants receiving an allocation of TDA funds are compliant in submitting annual fiscal and compliance audit reports in the legally prescribed time limit.

2011-4 Article 4.5 Claims

Condition

The Commission has not adopted rules and regulations for the evaluation of claims under Article 4.5 of the TDA.

Cause

The Commission relies on the Transportation Development Act Statutes and California Codes of Regulations guidebook and has not adopted it's own rules and regulations.

Criteria

The Public Utilities Code Section 99275.5 requires that the transportation planning agency adopt criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services to be provided.

**PERFORMANCE AUDIT OF COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION
Triennial Performance Audit
For the Three Years Ended June 30, 2011**

SECTION V (CONTINUED)

Findings and Recommendations (Continued)

2011-4 Article 4.5 Claims (Continued)

Effect of Condition

The Commission is not in compliance with Public Utilities Code Section 99275.5.

Recommendation

We recommend that the Commission adopt rules and regulations for the evaluation of claims filed under Article 4.5 and the determination of the cost effectiveness of the proposed community transit services to be provided.

Corrective Action Plan

We understand the importance of establishing our own rules and regulations for evaluating claims under Article 4.5 of the TDA. We will work towards establishing those written procedures.

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