

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION – INTERNAL AUDIT UNIT

INTERNAL AUDIT REPORT

STORER TRANSIT SYSTEMS SOUTH COUNTY TRANSIT CONTRACT AGREED-UPON PROCEDURES REPORT

DEPARTMENT OF TRANSPORTATION



Audit Committee Submittal Date: 05/19/2022

SUMMARY

Background

Storer Transit Systems (STS) provides south county transit services to the public such as Dial-A-Ride, Highway 99 Express, Delta Route, and Galt to Sacramento Commuter Express (GSCE). The South County Transit contract (Contract) was made between County of Sacramento, Department of Transportation and STS for STS to operate the services mentioned above. As part of the Contract, STS is subject to an audit of its financial and program records for its compliance with contractual requirements.

Audit Objective

Agreed upon procedures were performed to verify that claims for reimbursement were accurate and supported by appropriated documentation and to confirm STS met the compliance requirements of the Contract for fiscal year July 1, 2020 through June 30 2021.

Summary

Except for non-compliance with distribution of Transit Service information, we did not note exceptions from the results of agreed upon procedures regarding STS' reimbursement claims and contract compliance.

Department of Finance
Ben Lamera
Director



Auditor-Controller Division
Joyce Renison
Assistant Auditor-Controller

County of Sacramento

March 8, 2022

Mr. Ron E. Vicari, Director
Department of Transportation
County of Sacramento
4111 Branch Center Road
Sacramento, California 95827

INDEPENDENT ACCOUNTANT'S REPORT AGREED-UPON PROCEDURES FOR STORER TRANSIT SYSTEMS SOUTH COUNTY TRANSIT CONTRACT FOR THE YEAR ENDED JUNE 30, 2021

We have performed the procedures, enumerated below, which were requested and agreed to by the Department of Transportation (DOT) regarding the South County Transit Contract (Contract) operated by the Storer Transit Systems (STS) for the period July 1, 2020 through June 30, 2021. This engagement was solely to assist DOT in reviewing STS' financial schedules and compliance with the Contract.

DOT's management is responsible for monitoring STS' compliance of the Contract requirements. The sufficiency of the procedures is solely the responsibility of DOT's management. Consequently, we make no representation regarding the sufficiency of the procedures described below and on page 2 of this report either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to the Contract referred above and is not intended to pertain to any other agreements of DOT or STS.

The procedures that we performed and our findings were as follows:

1. We verified STS compliance with the Contract between DOT and STS regarding maintenance of insurance coverage, driver training program and documentation supporting the training hours completed by the bus drivers.

Finding: We did not note any exceptions from our testing performed.

2. We tested STS controls over the accounting systems to ensure accurate and reliable accounting information of cash receipts, expenses, and vehicle service hours.

Finding: We did not note any exceptions from our testing performed.

3. We tested twenty-five percent (25%) of the reported revenues, expenses, vehicle service hours and mileage for the engagement period to determine compliance with the applicable controls and the Contract. This included comparing amounts reported on STS invoices to drivers' route summary sheets and daily personnel dispatched logs. We also compared the number of passengers reported to drivers' route summaries and compared vehicle service hours reported and miles driven to drivers' route survey sheets and daily personnel dispatched reports.

Finding: We did not note any exceptions from our testing performed.

4. We inspected STS' contract performance and safety requirements in regard to verifying the number of riders reported, reviewing complaints received, vehicle appearance, availability of schedules and rider information, completion of safety checks, and routine vehicle maintenance.

Finding: Except for schedules and rider information were not available to the public at some of the bus stops, we did not note other exceptions. See Attachment I, *Current Findings and Recommendations*.

5. We verified the corrective actions taken as a result of the prior engagement dated February 17, 2021, for the period July 1, 2019 through June 30, 2020.

Finding: It appeared that all of the prior recommendations had been implemented. See Attachment II, *Current Status of Prior Findings and Recommendations*.

This agreed-upon procedures engagement was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to, and did not perform an audit or examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on STS' financial statements or schedules, internal controls, or compliance with the Contract. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the Contract and does not extend to any other program administered by Sacramento County DOT.

DOT and STS' management responses to the findings identified during our engagement are described in Attachment I, *Current Findings and Recommendations*. We did not

Ron E. Vicari
March 8, 2022
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perform procedures to validate DOT and STS' management responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

This report is intended solely for the use of the Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, and DOT's management. It is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



By: Hong Lun (Andy) Yu, CPA
Audit Manager

Enclosures

Attachment I: Current Findings and Recommendations
Attachment II: Current Status of Prior Findings and Recommendations
Schedule I: Schedule of Reported and Reviewed Fare Revenue
Schedule II: Schedule of DOT Payments to STS, Fee-Based and Commuter Routes
Schedule III: Schedule of Monthly Invoice October 2020
Schedule IV: Schedule of Monthly Invoice March 2021
Schedule V: Schedule of Monthly Invoice June 2021
Schedule VI: Schedule of Reported and Reviewed Vehicle Service Hours
Schedule VII: Schedule of Reported and Reviewed Fuel Reimbursement, Galt to
Sacramento Commuter

**COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEMS (STS)
SOUTH COUNTY TRANSIT CONTRACT
CURRENT FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD FROM JULY 1, 2020 THROUGH JUNE 30, 2021**

1. Non-Compliance with Distribution of Transit Service Information

Comment

According to the contract between DOT and STS, STS is required to develop at least ten locations within the service area for distribution of transit service information to ensure that transit passenger information is easily available throughout the Galt and South County service area. The information should be maintained at least monthly. The following locations were approved by County DOT Transit Manager, to post rider's guides and schedules for the public:

- SCT Link Office – 140 Enterprise Ct Ste B – Galt
- Galt City Hall – 380 Civic Dr – Galt
- Chabolla Center – 600 Chabolla Ave – Galt
- Fairsite Elementary – 902 Caroline Ave – Galt
- Galt Public Library – 1000 Caroline Ave – Galt
- Lodi Transit Center – 24 S Sacramento St – Lodi
- Consumnes River College – 8401 Center Pkwy – Sacramento
- Isleton City Hall – 101 2nd St – Isleton
- Galt Place Senior Apartments – 400 D St – Galt
- New Hope Senior Village – 890 Village Run – Galt

However, based on our site visit to these locations, South County Transit (SCT) rider's guides and schedules were not available to the public at all locations. Although some, not all, bus route schedules were posted for public viewing they were not available upon request. For example, at the Lodi Transit Center, the schedule was posted on the exterior of the building, but when a copy of the Highway 99 route schedule was requested, none was available.

STS' non-compliance with this contract requirement may have caused lost opportunity for effective operation and improving ridership of SCT.

Recommendation

We recommend STS implement procedures to maintain transit service information at the designated service areas that will ensure bus route information is available for distribution to the public.

**COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEMS (STS)
SOUTH COUNTY TRANSIT CONTRACT
CURRENT FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD FROM JULY 1, 2020 THROUGH JUNE 30, 2021**

DOT Management Response

Staff will add "Transit Information" as a standing item on the monthly SCT Link meeting agenda to request a status update from Storer on service information at the designated service areas based on the tracking log.

STS Management Response

In response to Finding#1 on Attachment I: Current Findings and Recommendations. The non-compliance will be remedied immediately.

- We have now re-established a line of communication with each location outlined on Attachment I
- We will have a bi-weekly check with each location to check if additional brochures are needed
- When a location reports a shortage of brochures, upon request, or upon schedule changes, we will have our office or a driver deliver what is required
- A log will be kept for tracking purposes.

COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEMS (STS)
SOUTH COUNTY TRANSIT CONTRACT
PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD FROM JULY 1, 2020 THROUGH JUNE 30, 2021

Prior report dated February 17, 2021 for the period July 1, 2019 to June 30, 2020

1. **Mileage Rate Claimed**

Prior Recommendation

We recommended DOT amend the contract language to reflect the appropriate calculation for reimbursing mileage.

Current Status

It appears that the prior recommendation has been implemented.

2. **Internal Controls**

Prior Recommendation

We recommended STS update current internal control procedures in sufficient detail to ensure SCT staff can complete specific SCT tasks.

Current Status

It appears that the prior recommendation has been implemented.

COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEM (STS)
SOUTH COUNTY TRANSIT CONTRACT
SCHEDULE OF REPORTED AND REVIEWED FARE REVENUE
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021

FARE REVENUE

<u>Month</u>	<u>Revenue Reported by STS</u>	<u>Reviewed Revenues</u>	<u>Variance</u>
Jul 2020	\$ 4,763	4,763	0
Aug 2020	5,238	5,238	0
Sep 2020	5,086	5,086	0
Oct 2020	4,993	4,993	0
Nov 2020	4,046	4,046	0
Dec 2020	4,036	4,036	0
Jan 2021	4,371	4,371	0
Feb 2021	4,181	4,181	0
Mar 2021	4,591	4,591	0
Apr 2021	6,364	6,364	0
May 2021	6,123	6,123	0
Jun 2021	5,925	5,925	0
Totals	<u>\$ 59,717</u>	<u>59,717</u>	<u>0</u>

See Independent Accountant's Report

**COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEM (STS)
SCHEDULE OF DOT PAYMENTS TO STS
FEE-BASED AND COMMUTER ROUTES
FOR THE PERIOD JULY 1, 2020, TO JUNE 30 2021**

Month	Payments Disbursed			Payments Reviewed	Amount Claimed Over (Under)
	Fee Based	Commuter	Total		
Jul 2020	\$ 120,605	9,214	129,819	129,819	0
Aug 2020	123,202	8,380	131,582	131,582	0
Sep 2020	123,247	8,550	131,797	131,797	0
Oct 2020	121,383	8,987	130,370	130,370	0
Nov 2020	107,784	7,451	115,235	115,235	0
Dec 2020	119,163	8,400	127,563	127,563	0
Jan 2021	114,645	7,248	121,893	121,893	0
Feb 2021	110,668	7,978	118,646	118,646	0
Mar 2021	117,583	9,410	126,993	126,993	0
Apr 2021	123,404	9,238	132,642	132,642	0
May 2021	122,640	9,049	131,689	131,689	0
Jun 2021	131,205	10,350	141,555	141,555	0
Total	<u>\$ 1,435,529</u>	<u>104,255</u>	<u>1,539,784</u>	<u>1,539,784</u>	<u>0</u>

COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEM (STS)
SCHEDULE OF MONTHLY INVOICE OCTOBER 2020
LOCAL TRANSIT SERVICES
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021

October 2020				
Route	Reviewed Quantity		Reviewed Rate	Reviewed Amount
Galt Dial a Ride	734.68	VSH	\$ 41.46	\$ 30,460
Delta Fixed Route	136.54	VSH	41.46	5,661
HWY 99	487.69	VSH	41.46	20,220
GSCE	117.17	VSH	54.33	6,365
Total VSH	<u>1,476.08</u>			<u>62,706</u>
Fuel Reimbursement	3,912 miles		0.67	2,621
Facility Cost				6,300
Monthly Fixed Costs			58,663	58,663
Connect Card Fee Charged				0
Covid-19 PPE/Disinfectant Supplies				<u>80</u>
Total Reviewed Local Transit Services Payment for October 2020				130,370
Per Invoice for October 2020				<u>130,370</u>
Amount Over Claimed				<u><u>\$ 0</u></u>

VSH= Vehicle Service Hours

GSCE = Galt to Sacramento Commuter Express

**COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEM (STS)
SCHEDULE OF MONTHLY INVOICE MARCH 2021
LOCAL TRANSIT SERVICES
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021**

March 2021				
Route	Reviewed Quantity		Reviewed Rate	Reviewed Amount
Galt Dial a Ride	630.38	VSH	\$ 41.46	\$ 26,135
Delta Fixed Route	131.52	VSH	41.46	5,453
HWY 99	507.13	VSH	41.46	21,026
GSCE	115.16	VSH	54.33	6,257
Total VSH	1,384.19			58,871
Fuel Reimbursement	4,095	miles	0.77	3,153
Facility Cost			6,300	6,300
Monthly Fixed Costs			58,663	58,663
Connect Card				5
Covid-19 PPE/Disinfectant Supplies				0
Total Reviewed Local Transit Service Payment for March 2021				126,992
Per Invoice for March 2021				126,992
Variance				\$ 0

VSH= Vehicle Service Hours

GSCE = Galt to Sacramento Commuter Express

See Independent Accountant's Report

**COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEM (STS)
SCHEDULE OF MONTHLY INVOICE JUNE 2021
LOCAL TRANSIT SERVICES
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021**

June 2021				
Route	Reviewed Quantity		Reviewed Rate	Reviewed Amount
Galt Dial a Ride	732.47	VSH	\$ 42.29 *	\$ 30,976
Delta Fixed Route	164.45	VSH	42.29 *	6,955
HWY 99	638.36	VSH	42.29 *	26,996
GSCE	122.80	VSH	55.41 *	6,804
Total VSH	1,658.08			71,731
Fuel Reimbursement	4,076	miles	0.87	3,546
Monthly Fixed Costs			59,836 *	59,836
SCT/Link Facility Cost			6,426 *	6,426
Connect Card Fee Charged				16
Covid -19 PPE/Disinfectant Supplies				0
Total Reviewed Local Transit Services Payment for June 2021				141,555
Per Invoice for June 2021				141,555
Variance				\$ 0

* = Change in rate is effective June, 1 2021

VSH = Vehicle Service Hours

GSCE = Galt to Sacramento Commuter Express

COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEM (STS)
SOUTH COUNTY TRANSIT CONTRACT
SCHEDULE OF REPORTED AND REVIEWED VEHICLE SERVICE HOURS
FOR THE PERIOD JULY 1 2020 TO JUNE 30, 2021

VEHICLE SERVICE HOURS (VSH)

Months:	Reported by STS	Reviewed Hours	Over/(Under) Reported by STS
October 2020	1,476	1,476	0
March 2021	1,384	1,384	0
June 2021	1,658	1,658	0
Total VSH Reported for Period July 1, 2020 to June 30, 2021			<u>16,959</u>

**COUNTY OF SACRAMENTO
DEPARTMENT OF TRANSPORTATION (DOT)
STORER TRANSIT SYSTEMS (STS)
SCHEDULE OF REPORTED AND REVIEWED FUEL REIMBURSEMENT
GALT TO SACRAMENTO COMMUTER EXPRESS ROUTE
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021**

Galt to Sacramento Commuter Express
Vehicle Service Mile Review

Month	A Miles	B Reimbursement Rate Claimed	C Reimbursement Rate per Review	A x (B-C) Reimbursement Difference
Jul 2020	4,132	0.67	0.67	\$ 0
Aug 2020	3,735	0.67	0.67	0
Sep 2020	3,734	0.67	0.67	0
Oct 2020	3,912	0.67	0.67	0
Nov 2020	3,196	0.67	0.67	0
Dec 2020	3,723	0.67	0.67	0
Jan 2021	3,231	0.67	0.67	0
Feb 2021	3,422	0.77	0.77	0
Mar 2021	4,095	0.77	0.77	0
Apr 2021	3,896	0.77	0.77	0
May 2021	3,646	0.87	0.87	0
June 2021	4,076	0.87	0.87	0
Total	<u>44,798</u>			<u>0</u>

See Independent Accountant's Report