

Regional Conservation Authority

**APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH
AHERN, ADCOCK AND DEVLIN TO PERFORM AGREED-UPON
PROCEDURES ON MSHCP DEVELOPMENT MITIGATION FEE
COLLECTIONS**

Staff Contact:

**Honey Bernas
Director of Administrative Services
(951) 955-2842**

Background:

In an effort to comply with our Fiscal 2006 external audit recommendation that all permittees be audited, RCA staff wishes to engage the services of Ahern, Devlin and Adcock, to perform "Agreed-Upon Procedures" (contained in Exhibit A attached hereto) on County and member cities' MSHCP Development Mitigation Fee Collections.

The firm of Ahern, Adcock & Devlin has been providing auditing services for the RCA for the past two years. They have performed fair and comprehensive audits in an expeditious manner and have developed good working relationships with RCA staff. The consultant is experienced in providing services as a Certified Public Accountant and is familiar with the plans of the RCA.

Ahern, Adcock and Devlin will perform the procedures on the Cities of Corona and Perris in FY 07-08, and the remainder of the member agencies over the four (4) subsequent years. The audit firm selected the Cities of Corona and Perris as they are small enough to set a good template for future audits yet were large enough to provide an adequate sampling.

The proposed agreement is for a five-year term, from October 22, 2007 to October 22, 2011. The fee estimate will range from \$12,000 to \$15,000 per member agency, with additional estimated out-of-pocket expenses ranging from \$250 to \$750. The contract has a "not to exceed" amount of \$48,000 per year, and a cumulative "not to exceed" amount of \$240,000. The audit firm plans to begin the procedures approximately October 22, 2007.

The agreed upon procedures are attached in Exhibit 1. Staff and legal counsel are still negotiating the details of the contract with consultant firm.

Staff Recommendations:

That the RCA Executive Committee:

- 1) Direct staff and legal counsel to continue to negotiate details of the contract;
- 2) Recommend that the Board of Approve Directors approve the negotiated contract;
and
- 3) Authorize staff to agendize this matter for the October 1, 2007 meeting of the RCA Board of Directors.

FINANCIAL INFORMATION	
In Fiscal Year 2007-08 Budget: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Cost: \$ 240,000 Annual Cost: \$ 12,000 - \$15,000 for five-year term
Source of Funds: Development Mitigation Fees	Budget Adjustment: No From To
Approved by <i>Honey Bernas</i>	Date: September 10, 2007

Attachments:

- 1) "Agreed-Upon Procedures"

EXHIBIT A

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Agreed-upon Procedures List

Procedures for audit of collection of mitigation fees for each member agency.

1. Obtain each permittee capital improvement program and ordinance or resolution for collection of MSHCP fees which should have occurred in or around 2004 to present.
2. Upon obtaining ordinance or resolution, determine if it is in accordance with the Implementing Agreement and Joint Powers Agreement.
3. Determine when fee is to be collected:
 - A. At time a certificate of occupancy is issued; or
 - B. Upon final inspection, whichever occurs first.
4. Obtain schedule of fees collected for the years 2004 to present.
5. Select for testing an appropriate sample of permits from total permits issued. We will attempt to select and test approximately ten per cent of the permits. However, the tested percentage may be lower if member cities are unable to make available to us all of the selected files/appropriate supporting documentation.
6. Recalculate fees collected to determine if they are correct. If fee is incorrect determine the fee that should have been collected.
7. Compute the amount of fees that should have been remitted.
8. Determine if fees were remitted on a timely basis to the WRCRCA.
9. Determine additional amounts, if any, which should be remitted or returned to permittee.
10. If amounts are due WRCRCA, will calculate interest on the payment from due date of the payment or actual collection date to potential remittance date using the interest rate paid by Riverside County Treasury on amounts held by the County.