

## INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC)

**ITOC Goal and Function.** Voter adoption of this transportation sales tax ordinance shall result in creation of the Independent Taxpayer Oversight Committee (ITOC) as follows:

The ITOC shall review the fiscal and program performance of the sales tax transportation program through an annual audit to ensure that all transportation sales tax funds are spent by the Sacramento Transportation Authority (hereby referred to as the Authority) in accordance with all provisions of the voter-approved expenditure plan and ordinance. The ITOC's other mission is to provide positive, constructive advice to the Authority on how to improve implementation over the thirty-year course of the program for the benefit of Sacramento County residents and businesses, and to study and report on other issues related to the current or future use of transportation sales tax funds that may be expressly authorized by the Authority Board.

**Audit Requirement.** The ITOC shall supervise annual fiscal and periodic performance audits, which shall be performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States and based on performance standards adopted by the Authority Board for each program or project funded in whole or in part with sales tax funds. The first set of performance standards shall be adopted not later than July 1, 2009 and shall be updated every five years.

**Role of Financial and Performance Audits.** The ITOC shall, under the competitive procurement rules of the Authority and with the active involvement of the Authority Executive Director, select a professional auditor to conduct the fiscal and performance audits of expenditure of all sales tax funds, report findings based on the audits to the Authority and to the public; and recommend any additional audits that the ITOC believes may improve the financial operation and integrity of program implementation, while meeting all voter mandates. No professional audit firm shall conduct more than three consecutive fiscal audits during the course of the 30-year sales tax extension.

The Authority, with the direct participation of the ITOC, shall hold publicly noticed meetings, which may or may not be part of a regularly scheduled Board meeting, to consider the findings and recommendations of the audits. A report of the findings and recommendations of each audit by the ITOC shall be made readily available to the public in print and on the Authority's electronic website.

**Membership and Selection Process.** The Authority shall develop an open selection process that actively advertises for potential members and selects three committee members who are all residents of Sacramento County and possess the following professional and/or community credentials:

- One member who is a professional--active or retired--in the field of municipal audit, finance and/or budgeting with at least five years in a relevant and senior decision-making position in the public or private sector.
- One member who is a licensed civil engineer or trained transportation planner--active or retired--with at least five years of demonstrated experience in the field of transportation in government and/or the private sector.
- One member who is a current or retired manager of major public and/or privately financed development or construction projects, who by training and experience would understand the complexity, costs and implementation issues involved in building large scale infrastructure improvements.

- The Chair of the Authority Governing Board, the Executive Director of the Authority, and the County Auditor shall serve as ex-officio non-voting members of the ITOC.

#### **Terms and Conditions for Committees**

- Members shall serve staggered four-year terms. In no case shall any voting committee member serve more than eight years on the ITOC.
- Members shall serve without compensation, except they shall be reimbursed for authorized travel and other expenses directly related to the work of the ITOC.
- Members cannot be current local elected officials in the county or a full time or part time staff member of any city, the county government, local transit operator, or state transportation agency.
- If and when vacancies on the ITOC occur on the part of voting committee members, the Authority shall appoint an appropriate replacement within 90 days of the vacancy to fill the remainder of the term.

**Sales Tax ITOC Operation Protocols.** Given the thirty-year duration of the sales tax extension, the ITOC shall be appointed 120 days after the effective date of the sales tax extension and continue as long as sales tax funds from the current voter authorization are made available. The Authority Board and staff shall fully cooperate with and provide necessary financial and staff support to ensure the ITOC effectively carries out its duties and obligations. The annual cost of the activities of the ITOC shall not exceed \$150,000, adjusted for inflation.

**Conflict of Interest.** ITOC voting members are prohibited from acting in any commercial activity directly or indirectly involving the Authority, such as being a consultant or vendor to the Authority during their tenure on the ITOC. ITOC voting members shall not have direct commercial interest or employment with any public or private entity that receives transportation sales tax funds authorized by the voters in this ordinance.