

**AGENDA: 14**

**BAY AREA AIR QUALITY  
MANAGEMENT DISTRICT**

**ORGANIZATIONAL ASSESSMENT  
TASK ORDER #3  
PHASE I REPORT**

**JULY 6, 2022**

**Prepared by:**

**Sjoberg  
Evashenk  
Consulting**

# PROJECT OBJECTIVES

- The Bay Area Air Quality Management District (District) hired Sjoberg Evashenk Consulting, Inc., to perform independent management audit services.
- Task Order No. 3 required an organizational assessment that will:
  - Assess potential staffing allocations for an estimated 65 authorized but unfilled positions, including an estimated 29 vacant positions, 16 yet to be filled FYE 22 positions, and the 20 FTE positions authorized in the FYE 23 budget.
  - Inform organizational and staffing decisions based on Board priorities, structural changes, and risk
- Key Deliverables:
  - Phase 1 Report (July 2022): Review all unfilled positions and provide immediate staffing recommendations to allocate and fill priority positions.
  - Phase 2 Report (October 2022): An organizational assessment that will recommend updates to the Air District's organizational structure and inform the allocation of remaining positions.

# PROJECT APPROACH

To meet the project objective for this Phase I Report, we performed the following procedures:

- Completed a District-wide Risk Assessment that:
  - Identified key roles and responsibilities of divisions throughout the District.
  - Identified workload demands, unmet needs, inherent risks, and challenges faced by District programs.
  - Evaluated the proposed allocation of new position created in the FYE 22 budget.
  - Prioritized areas within the District for potential audit engagements.
- Reviewed the FYE 23 budget, the District's position control document and organization chart, and staffing assessments and analyses prepared by District management.
- Identified general priorities expressed by Board directors.
- Evaluated the current allocation of staffing resources, existing vacancies, and proposed adjustments to previously allocated positions.

# ASSESSMENT RESULTS

- Similar to our review of the District’s initial allocation of the 26 positions created in the FYE 2022 budget, we found that the allocation of the approximately 45 currently unfilled positions is generally consistent with our assessment of risk, workload demands, and board priorities.

Divisions/Offices	SEC’s Analysis of Divisions with Greatest Resource Needs	District’s Allocation of Unfilled Positions
Executive	✓	3
District Counsel	✓	4
Operations		
Compliance & Enforcement	✓	9
Engineering	✓	5
Strategic Incentives	✓	4
Finance	✓	4
Policy & Equity		
Meteorology & Measurement	✓	5
Community Engagement	✓	4
Rules	✓	2
Planning & Climate Protection		2
Administration		
Administrative Resources	✓	
Human Resources		1
Information Services		1

# BOARD-APPOINTED OFFICERS

Position Classification	FYE 22	Unfilled	FYE 23	Change
<b>Air Pollution Control Officer</b>				
Air Quality Technician I/II	1	1	1	0
Deputy Executive Officer	3	1	3	0
Director/Officer	3	1	3	0
<b>District Counsel</b>				
Assistant Counsel I/II	8	3	8	0
Senior Assistant Counsel	2	1	2	0

\* An asterisk in the FYE 23 Column identifies a request to change a previously board approved position to a different classification within the same division. These requests equal a net zero change in the headcount.

# OPERATIONS

Position Classification	FYE 22	Unfilled	FYE 23	Change
<b>Compliance &amp; Enforcement</b>				
Air Quality Specialist I/II	48	2	37*	-11
Air Quality Technician I/II	6	1	6	0
Principal Air Quality Specialist	2		1*	-1
Senior Advanced Projects Advisor	0	1	1*	1
Senior Air Quality Engineer	3	2	3	0
Senior Air Quality Specialist	5	3	16*	11
<b>Engineering</b>				
Air Quality Engineer I/II	18	1	18	0
Air Quality Technician I/II	5	1	5	0
Senior Air Quality Engineer	10	3	10	0
<b>Finance</b>				
Accountant I/II	5	2	4*	-1
Assistant Manager	1		0*	-1
Manager	1	1	2*	1
Staff Specialist I/II	2	1	3*	1
<b>Strategic Incentives</b>				
Assistant Staff Specialist I/II	3	1	3	0
Manager	4	1	4	0
Staff Specialist I/II	13	1	13	0
Supervising Staff Specialist	4	1	4	0
<b>Technology Implementation</b>				
Assistant Staff Specialist I/II	3		2*	-1
Staff Specialist I/II	4		5*	1

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# POLICY & EQUITY

Position Classification	FYE 22	Unfilled	FYE 23	Change
<b>Community Engagement</b>				
Assistant Manager	1	1	1	0
Manager	2	1	2	0
Senior Staff Specialist	5	2	5	0
<b>Meteorology &amp; Measurement</b>				
Air Quality Engineer I/II	2	1	2	0
Air Quality Specialist I/II	16		10*	-6
Air Quality Technical Assistant	1		0*	-1
Assistant Air Quality Specialist I/II	8	2	9*	1
Principal Air Quality Specialist	4	1	4	0
Senior Air Quality Specialist	2		8*	6
Supervising Air Quality Engineer	1	1	1	0
<b>Planning &amp; Climate Protection</b>				
Administrative Assistant I/II	1	1	0*	-1
Assistant Staff Specialist	0		1*	1
Principal Environmental Planner	2	1	2	0
<b>Rules</b>				
Senior Air Quality Engineer	5	1	5	0
Senior Air Quality Specialist	3	1	3	0

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# ADMINISTRATION

Position Classification	FYE 22	Unfilled	FYE 23	Change
<b>Administrative Resources</b>				
Senior Staff Specialist	1		0*	-1
Staff Specialist I/II	6		5*	-1
Supervising Staff Specialist	1		3*	2
<b>Human Resources Office</b>				
Assistant Manager	1		0*	-1
Manager	1	1	2*	1
<b>Information Services</b>				
Supervising Systems Analyst	2	1	2	0

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# CONCLUSIONS

- The existing unfilled positions—including vacated positions and the new 16 FYE 22 positions—are generally allocated to the divisions that demonstrate the greatest need for the positions. This includes divisions with the highest workload demand and high-priority assignments.
- New controls, including the development of additional forms, verifications, and budgetary controls (i.e., the new budget appendix), are sufficient to provide assurance that hiring decisions will be consistent with board direction.
- The audit will include controls addressing key elements of this hiring process:
  - Position Control
  - Background Checks
  - Appropriate Selection Process
  - Pay Grade Placement

# RECOMMENDED NEXT STEPS

- Proceed, as soon as practicable, with filling all vacant allocated positions and processing already-approved position changes within the following organizational units:
  - Executive Officer
  - District Counsel
  - Compliance & Enforcement
  - Engineering
  - Strategic Incentives
  - Community Engagement
  - Meteorology & Measurement
  - Rules
  
- As the organizational assessment continues, the audit will:
  - Identify potential modifications to the District's organizational structure and the potential impact this may have on the allocation of unfilled positions.
  - Provide recommendations regarding the remaining unfilled positions, positional changes, and the unallocated 20 FTE.

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BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

# Vendor Selection for Financial and Compliance Audits

Board of Directors Meeting  
July 6, 2022

Stephanie Osaze, Director  
[sosaze@baaqmd.gov](mailto:sosaze@baaqmd.gov)

# Presentation Outcome



## **Action item** *for the Board of Directors to consider:*

1. Approving the selection of Simpson & Simpson, LLP to conduct the Financial Audits and Compliance Audits of the Transportation Fund for Clean Air programs and projects;
2. Authorizing the Executive Officer/APCO to execute a contract with Simpson & Simpson, LLP for up to a five-year term at the Air District's discretion, based on the contractor's performance, and for a total cost not to exceed \$1,204,000

# Presentation Outline



- Background
- Scope of Work
- Request for Proposal (RFP) Process
- RFP Evaluation Criteria and Scoring Results
- Recommendations
- Introduction of the auditor

# Background



- **District Financial Audit:** Administrative Code requires an independent audit of the annual financial statements; consistent with the Government Finance Officer's Association best practice
- **Compliance Audit for Transportation Fund for Clean Air (TFCA):** California Health and Safety Code Section 44242 requires an audit on each program or project funded with motor vehicle registration fee surcharges (TFCA) at least every two years
- **Air District's Administrative Code** requires audit contracts to be rebid every five years

# Scope of Work



## Two parts:

1. Conduct the Air District's Financial Audit for FYE 2023 with an option to extend for four additional years (up to a five-year term)
2. Conduct a compliance audit of TFCA-funded projects and programs that were closed out in FYE 2022 (and earlier) with an option to extend for four additional years (up to a five-year term)
  - ✓ Regional Fund projects & programs: annually
  - ✓ County Program Manager Program: every other year



# 2022 RFP Process



- **January 3:** RFP issued
- **January 10:** Pre-bidders conference webinar
- **February 8:** Last day responses to questions posted
- **February 16:** Submittal Deadline
- **Two proposals received by deadline:**
  - ✓ Simpson & Simpson, LLP
  - ✓ Badawi and Associates - CPA

# 2022 RFP Evaluation Criteria



**Proposals evaluated** by four-person panel on the following criteria:

<b>Expertise, Skill, and Approach</b>	<b>Cost</b>	<b>References</b>	<b>Specialty</b>
<i>(45 max)</i>	<i>(35 max)</i>	<i>(10 max)</i>	<i>(10 max)</i>

**Interviews** conducted of both bidders on the following criteria:

<b>Expertise, Skill, and Approach</b>	<b>Cost</b>
<i>(45 max)</i>	<i>(35 max)</i>

# 2022 RFP Bidder's Scores and Ranking



FIRM (by rank order)	Total (180 max)	Proposal				Interview	
		Expertise, Skills & Approach (45 max)	Cost (35 max)	References (10 points)	Specialty/ Focus Area (10 points)	Expertise, Skills & Approach (45 max)	Cost (35 points)
Simpson & Simpson, LLP	<b>160.5</b>	40.75	30.5	9.5	4.25	43.25	32.25
Badawi and Associates - CPA	<b>119.75</b>	26.75	29.75	5.75	6	28.75	22.75

# Simpson & Simpson, LLP Overview



- Highest ranked bidder:
  - ✓ Over 40 years of experience providing services to local governments, special districts, and nonprofit organizations
  - ✓ Serves some of the largest governmental organizations in California
  - ✓ Previously served the South Coast Air Quality Management District and to conduct audits that are similar to the District's TFCA Compliance Audits
  - ✓ Currently serves as Air District's auditor since 2018

# Simpson & Simpson, LLP Cost Proposal



<b>Project</b>	<b>Years 1, 3, &amp; 5*</b>	<b>Years 2 &amp; 4*</b>	<b>Total</b>
1. District Financial Audit	\$180,000	\$120,000	\$300,000
2.a Compliance Audit – Regional Fund*	\$432,000	\$288,000	\$720,000
2.b Compliance Audit – County Program Manager*	-N/A-	\$184,000	\$184,000
<b>Total Estimated Cost</b>	<b>\$612,000</b>	<b>\$592,000</b>	<b>\$1,204,000</b>

\*TFCA Compliance Audit costs based on estimated number of projects:

- TFCA Regional Fund projects and programs audited annually
- TFCA County Program Manager projects audited every other year

# Actions Requested



## **Action item** *for the Board of Directors to consider:*

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# FY 2021-2022 Audit Kick-Off



1. Introduction of the auditor
2. Stages of the FYE 2021-22 financial audit