



DATE: December 9, 2021
TO: Recycling Board
FROM: Meri Soll, Senior Program Manager
SUBJECT: Five-Year Programmatic Audit – Award of Contract

SUMMARY

Staff is requesting Recycling Board approval to amend an existing contract with Crowe LLP (Five Year Financial Audit) to conduct the Five-Year Measure D Programmatic Audit for Fiscal Years 16-17 to 20-21. Crowe LLP was selected via a competitive RFP to conduct the Financial Audit for Fiscal Years 16-17 to 20-21. Having the same vendor perform both portions of the audit will make for a more efficient process and save time for both StopWaste and member agency staff, while also adhering to Measure D audit requirements.

DISCUSSION

Subsection 64.040 (C) of the Alameda County Waste Reduction and Recycling Initiative Charter Amendment (Measure D) mandates a comprehensive financial, statistical, and programmatic audit and analysis to be performed within four years of the effective date of the Act and every five years thereafter to monitor and report on Measure D compliance.

Requirements per Measure D for the Programmatic Audit are:

- A narrative containing information and an analytical evaluation of all recycling programs within Alameda County, whether funded through Measure D or not, both Alameda County-wide and within each municipality
- A statistical measure of the progress toward the recycling policy goal then in effect
- Recommendations to the Recycling Board, the Board of Supervisors, the Authority and the municipal governing bodies for the maintenance and expansion of recycling programs and any necessary resulting amendment to the Recycling Plan based on these recommendations

The programmatic element of the Five-Year Audit occurs every five years; the Programmatic Audit for fiscal years 16-17 to 20-21 is due to commence in early 2022, the same timing as Phase II of the Financial Audit that covers Fiscal Years 19-20 and 20-21. (The financial audit occurs in two phases – a three-year phase and a two-year phase – so as to make audits and the review of municipalities’ records less onerous and less staff-time-intensive).

Much of the analysis to be conducted by Crowe as part of Phase II of the Financial Audit will coincide with the Programmatic Audit scope of work. Crowe has the capacity to conduct programmatic audit activities with member agency staff in parallel with Phase II of the Financial Audit. To alleviate redundant work for both member agency and StopWaste staff, staff recommends contracting with Crowe for the programmatic elements in addition to their contracted Five-Year Audit Phase II Financial Audit scope of work. This would be the most resource efficient approach to conducting the required programmatic element of the audit.

Crowe's proposal (Attachment A) to conduct the programmatic audit is \$42,000, less than half the cost of the previous Five-Year programmatic audits due to resource efficiencies and knowledge of member agency staff and programs. The funding for the programmatic element of the audit is fully budgeted as part of the FY 21-22 budget.

Although the \$42,000 amendment is within the Executive Director's signing authority, Crowe has recently been selected via a separate RFP process to perform a fund balance/reserve analysis for the Agency. The contract award to Crowe of \$35,465 for the fund balance/reserve analysis has been approved under the Executive Director's signing authority and is due to commence December 1, 2021. The \$35,465 fund balance/reserve contract combined with the \$42,000 proposed programmatic audit amendment exceeds the Executive Director's signing authority of \$50,000 and therefore additional spending authorization by the Recycling Board is required.

RECOMMENDATION

Authorize the Executive Director to amend the current Crowe LLP financial audit contract of \$89,682.50 by \$42,000 (for a not to exceed amount of \$131,682.50) to perform the Measure D required programmatic audit for Fiscal Years 16-17 to 20-21.

[ATTACHMENT A](#) – Crowe LLP Proposal to conduct Programmatic Five-Year Audit



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October 27, 2021

Meri Soll
Senior Program Manager
StopWaste
Alameda County Waste Management Authority
Alameda County Source Reduction and Recycling Board
1537 Webster Street
Oakland, CA 94612

Subject: **Five Year Program Review (Fiscal Years 2016/17 through 2020/21)**

Thank you for considering Crowe LLP (Crowe) to conduct the Five-Year Program Review for the Alameda County Source Reduction and Recycling Board (StopWaste or Recycling Board). Crowe will leverage our extensive performance auditing experience in addition to the direct experience gained through performing the prior three (3) five-year financial and compliance audits for the Recycling Board covering FY 06/07 to FY 20/21¹. In these prior audits, we incorporated a program performance component that overlapped with some requirements of the programmatic review such as progress toward meeting diversion goals. We have in-depth knowledge of the member agencies, and their activities and programs as reported through the annual Measure D reports. This review would be provided under Crowe's Service Contract with the Recycling Board, effective date 3/27/2020. This letter proposal is organized into four sections as follows:

- A. *Project Scope, Objectives and Approach*
- B. *Detailed Tasks and Subtasks*
- C. *Project Timeframe*
- D. *Project Fees.*

A. Project Scope, Objectives and Approach

The Recycling Board is required to have an independent auditor conduct a five-year program review to determine compliance with the Recycling Plan and progress towards recycling goals. The Alameda County Waste Reduction and Recycling Act of 1990 (Measure D) allows flexibility to combine the financial and compliance audit with the programmatic review, which collectively have the following requirements:

The Recycling Board shall contract, not more than four (4) years after the effective date of this Act, and then every five (5) years thereafter, for an audit to determine compliance with the Recycling Plan and the degree of progress toward the recycling policy goal then in effect. Said audits shall be conducted by an independent auditor (or auditors) with experience in source reduction and recycling. The reports of said audits shall be completed within one (1) year and issued to each municipality, the Board of Supervisors and the Authority. Said reports shall include at least the following:

¹ In process of conducting financial and compliance audit for fiscal years 19/20 and 20/21.

1. **A narrative and analytical evaluation of all recycling programs within Alameda County, whether funded through this Act or not, both Alameda County-wide and within each municipality;**
2. **A statistical measure of the progress toward the recycling policy goal then in effect;**
3. *An evaluation of the Recycling Board's activities, including, but not limited to, an accounting of the monies spent by the Recycling Board; and*
4. **Recommendations to the Recycling Board, the Board of Supervisors, the Authority and the municipal governing bodies for the maintenance and expansion of recycling programs, and any necessary resulting amendments to the Recycling Plan.**

For this programmatic review, we will focus on the bolded items (#1, #2, and #4). Leveraging a similar approach to the financial and compliance audit, **Exhibit 1** provides the five (5) tasks we propose to meet the requirements for the programmatic review.

**Exhibit 1
 Proposed Project Tasks**

Project Tasks
A. Perform Project Management
B. Review Recycling Board and Alameda County Recycling Program Activities
C. Review Municipalities Recycling Program Activities
D. Prepare Preliminary Review Results and Recommendations
E. Present Preliminary Review Results and Recommendations

Task A. Perform Project Management

Crowe believes that strong communication between the client and consultant is essential to a successful project. Our project management approach thus involves frequent telephone and/or e-mail contact with our clients to discuss progress and potential issues/problems. We will meet with the Recycling Board project management team as soon as the contract is awarded to “kick-off” the project. An important aspect of this task will be to develop the letter for municipalities requesting review materials. We will request and obtain relevant documentation available from the Recycling Board, which includes the following for the fiscal year 2016/17 through 2020/21 review period:

- Approved recycling plan and amendments
- Annual Measure D Reports
- CalRecycle Electronic Annual Reports (EAR)
- Other progress reports provided to the Recycling Board (if applicable)
- Results of prior programmatic reviews
- Results of prior waste characterization studies.

Much of the requested documentation should be available through StopWaste’s Measure D online portal where member agencies submit required reports to StopWaste on an annual basis.

Task B. Review Recycling Board and Alameda County Recycling Program Activities

This task includes the County-level program review components. This five-year review period essentially covers two recycling plans, the first plan called *Vision 2010: 75% and Beyond* (revised 2006) and supplemented with the *Strategic Workplan 2020* (July 2010) covering fiscal years 2016/17 through the first half of 2020/21 and the second plan called *Beyond 75% Diversion: A Plan for Landfill Obsolescence* (December 2020) covering the second half of 2020/21. Per the 2010 recycling plan, the goal was to reach 75 percent diversion by 2020. For this plan through 2020, we will compare actual diversion levels with the 75 percent goal. Per the 2020 recycling plan (current plan), the goal is to achieve landfill obsolescence by 2045. Since our review period will only reflect the very beginning of the current plan, we will focus on the transition from targeting diversion rates to landfill obsolescence, which may be more qualitative in nature. Additionally, as required by Measure D, the Recycling Board funds a series of studies and programs, which include the following:

1. Source Reduction Program
2. Recycled Product Market Development Program
3. Analysis and Review of Waste Characterization Studies
4. Residential Recycling Programs
5. Commercial Recycling Programs
6. Recycled Product Purchase Preference Program.

Exhibit 2 summarizes the program areas that we will focus on during this project. Items 4 to 6, residential and commercial recycling program, and the Recycled Product Purchase Preference Program are not included as it is reviewed within the scope of the Financial and Compliance audit. During Phase I of the Financial and Compliance audit, StopWaste provided a listing of activities partially or wholly funded by Measure D. We will request supporting documentation of a sample of the listed activities. The programmatic review will also assess the status of recycling programs and activities that are funded by other sources such as fees generated from AB 939.

**Exhibit 2
 Recycling Board Programmatic Compliance Areas for Review**

Program Areas	Program Summary	Related Measure D Subsection
1. Source Reduction Program	A. County waste minimization program with a goal of reducing the weight of County paper purchases B. Annual non-monetary award program for business demonstrating significant waste reductions C. Industry and/or university research program D. Intensive public education campaign E. Disposal cost reduction studies and waste audit services that demonstrate recycling program efficacy to business and institutions.	64.080
2. Recycled Product Market Development Program	A. Regional cooperative marketing strategy B. Demonstration projects targeted at new uses and new recycling techniques (via grants) C. County-wide information exchange targeting uses and source of recycling products D. Municipal programs to administer permit assistance to recycling industries.	64.110
3. Analysis and Review of Waste Characterization Studies	A. Estimates of refuse and recycling generation, by member agency.	64.060(C)

Task C. Review Municipalities Recycling Program Activities

The programmatic review will include the sixteen (16) municipalities, listed below:

- | | | |
|---------------|----------------|---------------------------------------|
| 1. Alameda | 7. Hayward | 13. San Leandro |
| 2. Albany | 8. Livermore | 14. Union City |
| 3. Berkeley | 9. Newark | 15. Castro Valley Sanitation District |
| 4. Dublin | 10. Oakland | 16. Oro Loma Sanitation District |
| 5. Emeryville | 11. Piedmont | |
| 6. Fremont | 12. Pleasanton | |

For each municipality, we will catalogue programmatic efforts, and measurements towards diversion, source reduction, and reuse. We will then perform interviews to evaluate potential gaps among recycling programs and activities to determine if performance is measured consistently. We will request supporting documentation that provides evidence of activities and related measurements. Requests for additional supporting documentation will be performed on a case-by-case basis. We will follow a uniform review procedure for each municipality; however, from our experience we will likely spend more time reviewing larger municipalities. Once we have sent out the review notification letters, we will contact each municipality to discuss the upcoming review, answer questions, and schedule the review date(s). The Crowe team will extract available documentation from the online reporting portal. We will conduct telephone interviews, group facilitated sessions, or other agreed upon methods with the appropriate municipality staff to clarify programmatic documents and request potentially missing documentation. We will use a review

protocol so that we perform consistent steps across all municipalities. The interviews will occur in parallel with the Financial and Compliance audit to ensure efficient use of time. Should we find cases of non-compliance, we will discuss our concerns with the municipality, and identify tools to improve compliance going forward. We will compile review workpapers for each municipality, which we will utilize in preparing the preliminary and final reports.

Task D. Prepare Preliminary and Final Review Results and Recommendations

Following the completion of Task C, we will compile preliminary results and develop recommendations for improvements. We will meet with Recycling Board project management to present our preliminary results and discuss recommendations that could be implemented. Upon reviewing and addressing feedback, we will prepare final results and recommendations. We will provide the Recycling Board with a Draft Final Report, meet with project management to discuss the draft, and then prepare a Final Five-Year Programmatic Review Report. This Five-Year Programmatic Review Report ultimately will be combined with the Financial and Compliance audit report.

Task E. Present Preliminary and Final Review Results and Recommendations

We will prepare a PowerPoint presentation that summarizes findings and recommendations. We will be available to present both preliminary and final review results to the Recycling Board at their regular meetings. The presentation will provide a high-level overview of our procedures and approach, findings, and recommendations. The final Programmatic Review results and recommendations will be combined with the Financial and Compliance audit results and recommendations.

B. Detailed Tasks and Subtasks

Exhibit 3 provides a detailed graphical overview of our proposed work plan, including 5 major tasks, and 27 subtasks, as well as the project deliverables and milestones for each task. Dates in Exhibit 3 assume a project start date of December 15, 2021.

Exhibit 3
Work Plan Tasks, Subtasks, Deliverables and Milestones
Five Year Program Review

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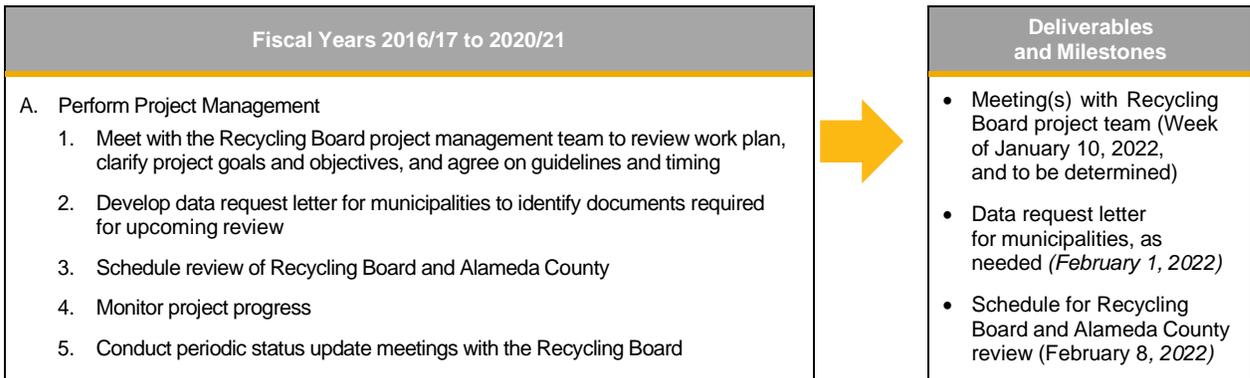


Exhibit 3
Work Plan Tasks, Subtasks, Deliverables and Milestones
Five Year Program Review (continued)

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Fiscal Years 2016/17 to 2020/21	Deliverables and Milestones
<p>B. Review Recycling Board and Alameda County Recycling Program Activities</p> <ol style="list-style-type: none"> 6. Meet with Recycling Board staff to obtain appropriate programmatic documentation 7. Review listing of activities of the Recycling Board and Alameda County for fiscal years 2016/17, 2017/18, 2018/19, 2019/20, and 2020/21 8. Evaluate progress towards the 75 percent diversion goal by 2020 for fiscal years 2016/17 to the first half of 2020/21 9. Evaluate transition to the current goal of landfill obsolescence by 2045 starting the second half of fiscal year 2020/21 10. Evaluate source reduction program activities for progress towards diversion goals (Subsection 64.080), which may include, but may not limited to the following: <ol style="list-style-type: none"> a. Disposal cost reduction studies b. Waste audit services c. Bay friendly landscaping d. Food waste prevention workshops and campaigns e. Commercial organics contamination study f. Environmental educator training g. Reusable transport packaging campaign. 11. Evaluate recycled product market development requirements for progress towards diversion goals (Subsection 64.110), which may include, but may not limited to the following: <ol style="list-style-type: none"> a. County-wide information exchange targeting uses and source of recycling products b. Bay Friendly Landscaping and Bay Friendly Gardening promoting recycled content mulch and composting c. Comprehensive multi-media campaign d. Food scraps recycling campaign e. Regional used oil recycling campaign f. Ready Set Recycle campaign. 12. Evaluate waste characterization studies to determine how study results are utilized towards diversion goals (Subsection 64.060(C)) 13. Identify tools to improve progress towards forward-looking diversion goals and/or performance measurements, if required 14. Compile workpapers 	<ul style="list-style-type: none"> • Meetings with Recycling Board and Alameda County Waste Management Authority staff <i>(to be determined)</i> • Review of Recycling Board and Alameda County <i>(April 29, 2022)</i> • Completed review workpapers <i>(April 29, 2022)</i>



Exhibit 3.
Work Plan Tasks, Subtasks, Deliverables and Milestones
Five Year Program Review (continued)

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Fiscal Years 2016/17 to 2020/21	Deliverables and Milestones
<p>C. Review Municipalities Recycling Program Activities</p> <ol style="list-style-type: none"> 15. Schedule review date(s) (in conjunction with Financial and Compliance audit) with each of the 16 jurisdictions 16. Confirm online availability of requested documentation at the time of the review date(s) 17. Review municipality Measure D Annual Reports and CalRecycle Electronic Annual Reports, program descriptions, and other relevant documentation for each of the five fiscal years (representing over 150 reports) 18. For each municipality, catalogue programmatic efforts, and measurements towards diversion, source reduction, or reuse for each of the five fiscal years. Example programmatic efforts that may include, but not limited to the following: <ol style="list-style-type: none"> a. Construction and Demolition Ordinance b. Civic Bay Friendly Landscaping c. Civic Green Building d. Environmental Preferable Purchasing Policy e. Residential Food Waste Collection f. Commercial Food Waste Collection 19. Using catalogued programmatic data, evaluate progress towards diversion goal 20. Conduct interviews via telephone or webinar to review potential gaps among recycling programs and activities such as whether performance towards diversion, source reduction, or reuse is measured consistently; this may require requests for additional supporting documentation if not clearly documented within submitted reports 21. Identify tools to improve compliance, as needed, for municipalities with compliance issues 22. Compile review workpapers for each municipality 	<ul style="list-style-type: none"> • Review for each of 16 jurisdictions (<i>February 2022, through April 2022</i>) • Completed review workpapers for each of 16 jurisdictions (<i>February 2022, through April 2022</i>)



Exhibit 3
Work Plan Tasks, Subtasks, Deliverables and Milestones
Five Year Program Review (continued)

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Fiscal Years 2016/17 to 2020/21	Deliverables and Milestones
<p>D. Prepare Preliminary Review Results and Recommendations</p> <ul style="list-style-type: none"> 23. Compile programmatic review results from Tasks B and C 24. Develop a list of recommendations 25. Meet with Recycling Board project management to discuss preliminary findings and recommendations 	<ul style="list-style-type: none"> • Review Recommendations (<i>June 15, 2022</i>) • Draft Final Programmatic Review Report (<i>June 30, 2022</i>) • Meeting with Recycling Board project management (<i>July 2022</i>) • Final Phase I Review Report (<i>July 29, 2022</i>)
<p>E. Present Preliminary Review Results and Recommendations</p> <ul style="list-style-type: none"> 26. Develop presentation materials for the programmatic review 27. Present review results and recommendations to the Recycling Board 	<ul style="list-style-type: none"> • Presentation materials for preliminary programmatic review results (<i>July 2022</i>) • Participation in Recycling Board meeting (<i>July 2022</i>)

C. Project Timeline

As mandated in Measure D, an independent audit of the Recycling Board shall be completed within one (1) year (of the close of the five-year period). To meet this requirement, building off Crowe’s methodology described above, this section summarizes the proposed project timeline.

Our project timeline is summarized in **Exhibit 4**. We expect to complete the project by July 29, 2022. Our proposed timeline is directly dependent on a December 15, 2021 project start date. To complete the project within the proposed timeframe, we assume that member agencies and Recycling Board staff will submit all information necessary to complete our analysis and will respond to our requests for information, interviews, and deliverable reviews in a timely manner. We also assume that the Recycling Board staff performs their review of the draft report within two weeks of receiving the deliverable from Crowe. The Crowe team will be available to meet with the Recycling Board, and the Recycling Board staff, as appropriate during the project.

Exhibit 4
Project Timeline
Five Year Program Review

Project Tasks	Estimated Start Date	Estimated Completion Date
A. Perform Project Management	December 15, 2021	July 29, 2022
B. Review Recycling Board and Alameda County Recycling Program Activities	February 1, 2022	April 29, 2022
C. Review Municipalities Recycling Program Activities	February 1, 2022	April 29, 2022
D. Prepare Final Review Results and Recommendations	May 2, 2022	July 29, 2022
E. Present Final Review Results and Recommendations	June 1, 2022	July 29, 2022

Crowe has adopted strategies for seamlessly providing our services during the current Covid-19 environment. Based on the current operating environment and our ability to use technologies to deliver services (e.g., Zoom), we do not envision that our delivery schedule will be materially impacted by Covid-19. Should circumstances change, we will immediately inform the StopWaste project manager and determine a mutually agreeable course of action.



Meri Soll, Senior Program Manager
StopWaste
October 27, 2021

D. Project Fees

This section presents our cost proposal to conduct the five-year financial and compliance audit for the Recycling Board. The cost proposal is presented in **Exhibit 5**. Our proposed fees to conduct the five-year programmatic review are is **\$42,620**.

This bid corresponds to a total of 241 hours of consulting time. We are confident that we can complete the project in these budgeted hours, given the prior experience of the core staff proposed and the seniority of the team.

Hourly rates of our consultant staff are as follows:

- Executive/Director/Specialist Level \$245 per hour
- Project Manager Level \$210 per hour
- Senior Auditor Level \$185 per hour
- Staff Auditor Level \$145 per hour.

Our professional fees include all out-of-pocket expenses (e.g., travel and work processing). Crowe will bill the Recycling Board monthly, in arrears, for our services.

We expect that the monthly billings will be relatively evenly spread throughout the period of time that we will be actively working on the project. The project budget would be spread roughly over an approximately six-month period, at approximately \$7,000 per month. Our project team will be mobilized to work diligently and efficiently to complete the work required.

As part of this project, we assume that StopWaste agrees to be responsible to make all management decisions and perform all management functions; designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee our services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

The information used for this project will be based on assumptions, estimates, and other data developed by Crowe from information provided by member agencies, knowledge of and participation in other studies, data supplied by StopWaste, and other sources deemed to be reliable.

Our analyses and work product are intended for the benefit and use of StopWaste. This engagement was not planned or conducted in contemplation of reliance by any other party and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.

Crowe's fees are not dependent upon the outcome of this report and Crowe is independent with respect to any other economic interests.

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Meri Soll, Senior Program Manager
StopWaste
October 27, 2021

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We look forward to the opportunity to assist StopWaste with this program review. Please do not hesitate to contact Mendi Julien (916) 492-5177, or at Mendi.Julien@crowe.com or Erik Nylund at (415) 230-4963, or at Erik.Nylund@crowe.com should you have any questions regarding this proposal or our qualifications to serve you.

Sincerely,

A handwritten signature in blue ink that reads "Lisa M Voeller".

Lisa Voeller, Partner-Principal
Crowe LLP
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Sacramento, California 95814-4434
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Meri Soll, Senior Program Manager
 StopWaste
 October 27, 2021

**Exhibit 5
 Crowe Hours and Fees**

	Executive/Director/ Specialist	Project Manager	Senior Auditor	Staff Auditor
Hourly Rate	\$245	\$210	\$185	\$145

Project Task	Executive/ Director/ Specialist	Project Manager	Senior Auditor	Staff Auditor	Hours	Costs
A. Perform Project Management	1	6	-	-	7	\$1,505
B. Review Recycling Board and Alameda County Recycling Program Activities	2	10	32	16	60	\$10,830
C. Review Municipalities Recycling Program Activities	2	12	50	54	118	\$20,090
D. Prepare Preliminary Review Results and Recommendations	4	5	24	14	47	\$8,500
E. Present Preliminary Review Results and Recommendations	1	2	4	2	9	\$1,695
Project Total	10	35	110	86	241	\$42,620