

Metropolitan Transportation Commission Administration Committee

September 4, 2019

Agenda Item 2h

Contract – Bench Audit Firms for Auditing, Attestation and Consulting Services (\$300,000)

- i. Badawi & Associates, Oakland, CA**
 - ii. Crowe LLP, San Francisco, CA**
 - iii. Grant Thornton LLP, San Francisco, CA**
 - iv. KPMG LLP, San Francisco, CA**
 - v. Macias Gini & O’Connell LLP, Walnut Creek, CA**
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Subject: This item requests Committee approval to enter into contracts with the five certified public accounting firms listed above to form a prequalified bench of firms to provide auditing, attestation and consulting services for a five-year period, with up to two one-year extensions, in cumulative annual amounts not to exceed \$300,000 per fiscal year. These services do not include the annual external financial audit and financial report.

Background: The financial complexity of MTC and its affiliated entities requires more than an annual financial audit. Therefore in 2014, MTC issued a Request for Qualifications (RFQ) to establish a bench of firms to conduct various auditing, attestation and consulting engagements. As a result of the RFQ, MTC entered into contracts with four firms (Badawi & Associates; KPMG LLP; Macias Gini & O’Connell LLP; and Williams, Adley & Company, LLP). These contracts expired on June 30, 2019, with MTC exercising one year contract extension options with Badawi & Associates, Macias Gini & O’Connell LLP, and KPMG LLP.

Having a bench of firms available for these services has been a valuable resource and MTC staff proposes to authorize a new bench of firms with today’s proposed action. Engagements under the contracts with the 2014 bench firms have included review of Regional Measure 2 (RM 2) and AB1171 capital project invoices, audits of recipient agency RM2 expenditures, and the development of a financial evaluation framework in connection with the procurement of the next-generation Clipper® fare payment system.

Procurement Process

On March 8, 2019, MTC issued a RFQ for the purpose of selecting a new bench of audit firms to perform auditing, attestation and consulting services for MTC, SAFE, BATA, BAIFA, BAHA, 375 Beale Condominium Corporation, and ABAG and its Local Collaboration Programs (LCPs). The services include, but are not limited to, closeout audits on completed state grants, pre-award and interim audits for selected contracts, agreed upon procedures, tax return preparation for non-profit organizations, and consulting. These services are separate from the principal external audit currently conducted by PricewaterhouseCoopers, LLP.

The following five firms responded to the RFQ:

- Badawi & Associates, Oakland, CA
- Crowe LLP, San Francisco, CA
- Grant Thornton LLP, San Francisco, CA
- KPMG LLP, San Francisco, CA
- Macias Gini & O'Connell LLP, Walnut Creek, CA

All five firms met the minimum qualifications stated in the RFQ. Based on an evaluation of the written statements of qualifications, the panel, consisting of the Chief Financial Officer, the Section Director for Finance and Accounting, the Assistant Director for Financial Reporting, and one other finance staff member, determined that all five firms showed strength in the evaluation criteria, including qualifications and experience of the firm, principals and key staff performing services similar to those contemplated by the RFQ, as well as the firm's audit and consulting experience with government agencies, including transportation agencies. The panel also considered the firms' ability to devote sufficient resources to multiple engagements throughout a year and the firms' experience with certain types of audits. The panel unanimously recommends the selection of the five firms listed above to comprise the eligible bench of audit firms.

Consistent with the terms of the RFQ, MTC may enter into contracts with one or more of these firms. Generally, MTC assigns projects based on MTC's needs, the firm's expertise and staff availability. MTC executes audit task orders and negotiates individual engagement letters for individual assignments; however, a combined total for the five firms is not to exceed \$300,000 in any one fiscal year, subject to annual budget adoption.

Recommendation: Staff recommends that this Committee authorize the Executive Director or designee to negotiate and enter into contracts with the five firms listed above in a cumulative annual amount not to exceed \$300,000, subject to annual budget approvals, to perform auditing, attestation and consulting services, with initial contract terms of October 1, 2019 through June 30, 2024, with an option to renew for up to two additional one-year terms.

Attachments: Request for Committee Approval – Summary of Proposed Consultant Contract



Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Consultant Contract

Work Item No.: 1152

Consultants: Badawi & Associates, Oakland, CA
Crowe LLP, San Francisco, CA
Grant Thornton LLP, San Francisco, CA
KPMG LLP, San Francisco, CA
Macias Gini & O'Connell LLP, Walnut Creek, CA

Work Project Title: Auditing, Attestation, and Consulting Services for FY 2019-20 through FY 2023-24

Purpose of Project: Obtain services of Independent Auditor.

Brief Scope of Work: To perform auditing, attestation and consulting services for MTC, MTC SAFE, BATA, BAIFA, BAHA, 375 Beale Condominium Corporation, and ABAG and its local Collaboration Programs (LCPs).

Project Cost Not to Exceed: Individual contracts TBD. Annual cumulative amount not to exceed \$300,000 per fiscal year.

Funding Source: MTC/ABAG \$100,000; BATA \$200,000.

Fiscal Impact: Up to \$300,000 for any one fiscal year, subject to approval of Operating Budget. Additional funds for future fiscal years are subject to agency budgetary approval process.

Motion by Committee: That the Executive Director or designee is authorized to negotiate and enter into contracts with the five firms as described above in annual cumulative amounts not to exceed \$300,000, to perform assurance, audit and consulting services for MTC, SAFE, BATA, BAIFA, BAHA, 375 Beale Condominium Corporation, and ABAG and its local Collaboration Programs (LCPs) on an as-needed basis from October 1, 2019 through June 30, 2024, with an option on the part of MTC to extend contracts for up to two additional one-year terms as described above and in the Administration Committee Summary Sheet dated September 4, 2019, and that the Chief Financial Officer is directed to set aside funds in the amount of \$300,000 for such contracts, subject to annual agency budget approval.

Administration Committee:

Federal D. Glover, Chair

Approved: Date: September 4, 2019