

Metropolitan Transportation Commission Administration Committee

February 12, 2020

Agenda Item 3a

Contract – Professional Auditing Services: Crowe LLP (\$1,066,000)

Subject: A request for approval of a five-year contract with Crowe LLP to provide the annual financial and compliance audit services, with two one-year renewal options, subject to annual budgetary approval. The contract amount for FY 2019-20 is not to exceed \$1,066,000. The estimated total amount of the five-year contract with 2.5 percent inflation assumption is \$5,178,601.

Background: In December 2019, MTC issued a Request for Qualification (RFQ) to provide professional auditing services to perform the annual fiscal audit for MTC and ABAG. The following five firms responded to the RFQ, met the minimum qualifications, and were interviewed on January 15, 2020:

1. BDO USA LLP
2. Crowe LLP
3. Eide Bailly LLP
4. KPMG LLP
5. Macias Gini & O'Connell LLP

The interview panel consisted of MTC Audit Committee member Commissioner Amy Worth, ABAG President/Finance Committee member Jesse Arreguin, Chief Financial Officer Brian Mayhew, and five MTC Finance staff members. The evaluation criteria were as follows:

- 1) Experience and qualifications of the firm and assigned staff (25%)
- 2) Comprehensiveness and adequacy of detailed work plan (25%)
- 3) Reasonableness of task hours (20%)
- 4) Timetable for meeting deadlines (20%)
- 5) Value-added services, expertise, and experience (10%)

After thorough review of the proposals and the interviews, the panel recommends Crowe LLP to perform the annual fiscal audits for MTC.

Crowe LLP was determined to be the most qualified based on a combination of the strength of the staff's qualifications and experience, the capability to provide a wide range of different types of audits, the approach to the engagement and the labor resources available to meet the schedule. Crowe LLP is neither a small business nor a disadvantaged business enterprise and currently has no subcontractors.

In the event that MTC does not execute or discontinues the contract with Crowe LLP, MTC would proceed with contract negotiations with KPMG LLP and if such negotiations are unsuccessful with BDO USA LLP.

The following table shows the collective final average scores of the five proposers based on their proposals and interviews.

CRITERIA	Crowe	KPMG	BDO	MGO	E Bailly
Experience and qualification of firm and assigned staff (max 25 points)	23.3	18.6	21.3	19.6	19.9
Comprehensiveness and adequacy of detailed work plan (max 25 points)	23.6	23.5	20.9	16.6	15.8
Reasonableness of task hours (max 20 points)	14.7	20.0	17.8	15.7	14.8
Timetable for meeting deadlines (max 20 points)	18.5	17.6	18.4	17.6	16.5
Value-added expertise and experience (max 10 points)	9.3	9.0	8.1	6.4	6.1
Total (max 100 points)	89.4	88.7	86.5	75.9	73.1

The following are Crowe LLP's estimated hours and costs for MTC and its related entities for FY 2019-20:

Entities	Hours
MTC	2,720
BATA	1,240
SAFE	385
BAHA	415
BAIFA	590
375 BEALE CONDO	310
Total hours	<u>5,660</u>

Total estimated cost is \$1,066,000.

The following are Crowe LLP's estimated hours and costs for ABAG and its related entities for FY 2019-20:

<u>Entities</u>	<u>Hours</u>
ABAG	900
ABAG POWER	420
ABAG FAN	440
ACFA	300
SFBRA	300
Total Hours	2,360

Total estimated cost is \$467,700.

At the ABAG Finance Committee and Executive Board meetings in March, staff will recommend the selection of Crowe LLP to conduct the audits for ABAG and its related entities.

The recommended contract period is five years, with two optional single year extensions, for a total possible engagement of seven years. The reappointment of the audit firm is subject to annual approval and recommendation of the Audit Committee. The Audit Committee has the option to cancel the contract or direct a change during each year of the engagement.

Recommendation: The audit selection panel recommends that this Committee authorize the Executive Director or a designated representative to negotiate and enter into a contract with Crowe LLP in an amount not to exceed \$1,066,000 to provide the annual financial and compliance audit services for the five fiscal years ending in June 30, 2024 with two one-year renewal options, subject to the annual appointment by the Audit Committee and approval of the annual budget; and in the event that MTC does not execute or discontinues the contract with Crowe LLP, MTC would proceed with contract negotiations with KPMG LLP and if such negotiations are unsuccessful, with BDO USA LLP .



Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract

Work Item No.: 1152

Consultant: Crowe LLP
San Francisco, CA 94105

Work Project Title: Professional Auditing Services

Purpose of Project: To obtain services of an Independent Auditor

Brief Scope of Work: To perform a comprehensive fiscal and compliance audit of MTC, MTC SAFE, BATA, BAIFA, BAHA, and 375 Beale Condominium Corporation (375 Beale Condo) for fiscal years ending June 30, 2020 through June 30, 2024. Auditor will render appropriate reports as required by Code of Regulations 2 CFR part 200 and in accordance with the financial and compliance type described in the Government Auditing Standards, published by the Comptroller General of the United States.

Project Cost Not to Exceed: \$ 1,066,000 for FY 2019-20; estimated total amount of the five-year contract with 2.5 percent inflation assumption is \$5,178,601

Funding Source: As budgeted in the respective entities/funds.

Fiscal Impact: Project costs are included in the FY 2019-20 budget and subject to approval of annual budgets thereafter

Motion by Committee: That the Executive Director or a designee is authorized to negotiate and enter into a contract with Crowe LLP for services as described above and in the Administration Committee Summary Sheet dated February 12, 2020 and the Chief Financial Officer is authorized to set aside funds in the amount of \$1,066,000 for FY 2019-20, for such contract; and in the event MTC does not execute or discontinues the contract with Crowe LLP, MTC would proceed with contract negotiations with KPMG LLP and if such negotiations are unsuccessful, with BDO USA LLP.

Administration Committee: _____
Federal D. Glover, Chair

Approved: February 12, 2020