

Bay Area Toll Authority Oversight Committee

March 11, 2020

Agenda Item 5b

Contracts – Internal Project Auditing and Reporting Services: KPMG LLP and Crowe LLP (\$500,000 annually)

Subject: A request to enter into contracts with KPMG LLP and Crowe LLP in a total annual amount not to exceed \$500,000 for a five-year period to establish a bench of audit firms to perform internal project auditing and reporting services for projects related to the Seismic Retrofit Program and BATA bridge rehabilitation and construction projects, subject to approval of future BATA budgets.

Background: In 2015, BATA issued a Request for Qualifications (RFQ) to establish a bench of qualified audit firms to perform internal project audits for Regional Measure 1, Regional Measure 2 and the Seismic Retrofit Program for the fiscal years 2016 through 2020. As a result of the RFQ, BATA established a bench consisting of four audit firms to perform services including detailed audits of construction costs, change orders, staff and overhead costs as well as provide project risk assessment. The 2015 bench contracts will expire on June 30, 2020.

Procurement Process:

On October 31, 2019, BATA issued a RFQ seeking qualified firms to provide internal project auditing and reporting services.

In response to the RFQ, BATA received Statements of Qualifications (SOQs) from three firms; however, only two of the firms submitted the required documents necessary to evaluate their SOQs and met the minimum qualifications. A panel of BATA Finance staff evaluated the two remaining firms' SOQs based on the following criteria:


- Firm and staff qualifications with projects over \$500 million
- Experience with major bridge projects
- Experience with state construction programs
- Written and oral communication
- Client references

The evaluation panel determined that the two firms demonstrated strength in all areas of the evaluation criteria and unanimously recommends the selection of both firms. KPMG LLP is neither a small business nor a disadvantaged business enterprise and has no subcontractors. Attachment A includes a summary of Crowe LLP and its project team's small business and disadvantaged business enterprise status.

The process for assigning audit tasks will be based on a screening of the firms as well as experience and qualifications required for the particular task. The selected firm will provide an engagement letter, staff availability, projected hours, costs, procedures and final report. The final negotiated engagement letter will govern the individual audit order. A key reason for establishing an active bench of firms as opposed to contracting with a single firm is the potential for audit conflicts between national audit firms and large corporate contractors.

Recommendation: Staff recommends that the Committee authorize the Executive Director or designee to negotiate and enter into contracts with the two firms listed above in a total annual amount not to exceed \$500,000 to provide internal project auditing and reporting services for projects related to the Seismic Retrofit Program and BATA bridge rehabilitation and construction projects for a five-year period beginning July 1, 2020 and ending June 30, 2025, with an option to renew for two additional one-year terms, subject to approval of future BATA budgets. The total potential cost over the proposed five-year engagement is \$2,500,000.

Attachments: Attachment A: Small Business and Disadvantaged Enterprise Status Request for Committee Approval – Summary of Proposed Consultant Contract


Therese W. McMillan

Attachment A

Small Business and Disadvantaged Business Enterprise Status

			DBE* Firm			SBE** Firm		
	Firm Name	Role on Project	Yes	If Yes, List #	No	Yes	If Yes, List #	No
Prime Contractor	Crowe LLP	Lead auditors			x			x
Subcontractor	PMA Consultants	Construction consultants for Crowe LLP			x			x

*Denotes certification by the California Unified Certification Program (CUCP).

**Denotes certification by the State of California.

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Consultant Contract

Work Item No.:	1254
Consultant:	KPMG LLP, San Francisco, CA Crowe LLP, San Francisco, CA
Work Project Title:	Internal Project Auditing and Reporting Services
Purpose of Project:	Internal project auditing and reporting services
Brief Scope of Work:	To perform detailed audits of construction costs, change orders, staff and overhead costs as well as provide project risk assessment.
Project Cost Not to Exceed:	\$500,000 per fiscal year from FY 2020-21 through FY 2024-25, not to exceed \$2,500,000 cumulatively for the five-year period
Funding Source:	Toll Bridge Rehabilitation Program Funds
Fiscal Impact:	Funds in the total amount of \$500,000 annually for a five-year period to be included in the Toll Bridge Rehabilitation Program budget, subject to approval of the FY 2020-21 and future BATA budgets.
Motion by Committee:	That the Executive Director or designee is authorized to negotiate and enter into contracts with KPMG LLP and Crowe LLP to provide internal project auditing and reporting services for a five-year term from FY 2020-21 through FY 2024-25, with an option to renew for two additional one-year terms, as described above in the BATA Oversight Committee Summary Sheet dated March 11, 2020, and that the Chief Financial Officer is directed to set aside funds in the amount of \$500,000 , cumulatively, for such contracts per fiscal year, up to a total cumulative cost of \$2,500,000, subject to the approval of annual BATA budgets.
BATA Oversight Committee:	<hr/> Amy R. Worth, Chair
Approved:	March 11, 2020