

## Association of Bay Area Governments

### Finance Committee

---

April 16, 2020

Agenda Item 7.b.

---

#### Contract Professional Auditing Services

---

**Subject:** Authorization for ABAG Executive Board approval of a five-year contract with Crowe LLP to provide the Association of Bay Area Governments annual financial and compliance audit services, with two one-year renewal options, subject to annual budgetary approval; the contract amount for Fiscal Year 2019-20 is not to exceed \$434,688; the estimated total amount of the five-year contract with a 2.5 percent inflation assumption is \$2,039,501

**Background:** In December 2019, a Request for Qualifications (RFQ) to provide professional auditing services to perform annual fiscal audits for Association of Bay Area Governments (ABAG) and Metropolitan Transportation Commission (MTC) and their entities was issued. 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 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 a thorough review of the proposals and the interviews, the panel recommends Crowe LLP to perform the annual fiscal audits for ABAG, ABAG Finance Authority for Nonprofit Corporations (ABAG FAN), ABAG Publicly Owned Energy Resources (ABAG POWER), Advancing California Finance Authority (ACFA), and San Francisco Bay Restoration Authority (SFBRA).

**Association of Bay Area Governments**

**Finance Committee**

**April 16, 2020**

**Agenda Item 7.b.**

**Contract Professional Auditing Services**

Crowe LLP was determined to be 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 ABAG does not execute or discontinues the contract with Crowe LLP, ABAG 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 score average of the five proposers based on their proposals and interviews.

<b>CRITERIA</b>	<b>Crowe</b>	<b>KPMG</b>	<b>BDO</b>	<b>MGO</b>	<b>E Bailly</b>
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 estimated hours and costs for ABAG and its related entities for FY 2019-20:

<b>Entities</b>	<b>Hours</b>
ABAG	1028
ABAG POWER	380
ABAG FAN	408
ACFA	272
SFBRA	272
<b>TOTAL</b>	<b>2,360</b>

**Association of Bay Area Governments**

**Finance Committee**

---

**April 16, 2020**

**Agenda Item 7.b.**

---

**Contract Professional Auditing Services**

---

Total estimated cost is \$434,688.

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 recommendation of the ABAG Finance Committee and approval of the ABAG Executive Board. The ABAG Executive Board has the option to cancel the contract or direct a change during each year of the engagement.

At the February 12, 2020 MTC Administration Committee meeting, Crowe LLP was recommended and selected to perform the audits for MTC and its affiliated entities.

**Recommended Action:**

The ABAG Finance Committee is requested to recommend that the ABAG Executive Board authorizes the Executive Director of the Metropolitan Transportation Commission (MTC), or her designee, on behalf of the Association of Bay Area Governments, to negotiate and enter into a contract with Crowe LLP in an amount not to exceed \$2,039,501 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 ABAG Finance Committee and approval of the annual budget; and, in the event that ABAG does not execute or discontinues the contract with Crowe LLP, the MTC Executive Director, or her designee, is authorized to negotiate and enter into a contract with KPMG LLP and, if such negotiations are unsuccessful, with BDO USA LLP.

**Attachments:**

Summary Approval

**Reviewed:**



---

Therese W. McMillan