

## **Metropolitan Transportation Commission Administration Committee**

**May 13, 2020**

**Agenda Item 3b – 20-0379**

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

- i. Badawi & Associates, Oakland, CA**
  - ii. KPMG LLP, San Francisco, CA**
  - iii. Macias Gini & O’Connell LLP, Walnut Creek, CA**
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**Subject:** Staff is requesting Committee approval to increase the annual cumulative amounts of the existing contracts with the three certified public accounting firms listed above for auditing, attestation and consulting services from \$300,000 to \$600,000 to fund increased external audits and consulting work. 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. The period of performance under the 2014 bench contracts was through June 30, 2019; however, MTC exercised one-year contract extension options with Badawi & Associates (Badawi), KPMG, LLP (KPMG), and Macias Gini & O’Connell LLP (MGO) to bridge the period until contracts could be put in place with a new bench of firms selected from a 2019 procurement.

Having a bench of firms available for these services has been a valuable resource. The bench audit firms provide services including, but 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 annual external financial audit and financial report.

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).

On September 4, 2019, the MTC Administration Committee approved a new bench of five audit firms, including Badawi, KPMG, and MGO.

During FY 2019-20, MTC has engaged Badawi, KPMG, and MGO to conduct the review of Regional Measure 2 (RM 2) and AB1171 capital project invoices, audits of recipient agency RM2 expenditures, and tax return preparation for 375 Beale Condominium Corporation and four ABAG non-profit entities. These routine engagements have exhausted the previously approved cumulative contract amount of \$300,000 for FY 2019-20 and left nothing for our increased external audit and consulting work, such as preparation for All Electronic Tolling (AET), changes in accounting and federal audit standards as well as internal control testing. These audits and consulting work are not only critical sequential elements of MTC's on-going work, but also essential to meet legal/regulatory requirements imposed by our federal obligations, grant compliance, and to maintain internal controls to meet external audit standards of our granting agencies. The proposed cumulative increase of \$300,000, which is available in FY2019-20 budget, would fund the increased external audit and consulting work and bring the total cumulative contract amount to \$600,000 for FY2019-20.

Badawi is certified as a small and local emerging business (SLEB) in Alameda County. None of the firms are disadvantaged business enterprises (DBEs).

**Recommendation:** Staff recommends that the Committee approve an increase in the annual cumulative amount of the extended 2014 bench contracts from \$300,000 to \$600,000 for FY 2019-20 to account for increased external audit and consulting work.

**Attachment:** Request for Committee Approval – Summary of Proposed Consultant Contract Amendments

  
Therese W. McMillan

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Consultant Contract Amendments

Work Item No.:	1152
Consultants:	Badawi & Associates, Oakland, 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
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:	\$300,000 (cumulative) this amendment Previously approved cumulative amount: \$300,000 Total cumulative contract amount based on this action = \$600,000
Funding Source:	MTC \$100,000 cumulative; BATA \$200,000 cumulative
Fiscal Impact:	\$300,000 available in FY 2019-20 Budget.
Motion by Committee:	That the Executive Director or designee is authorized to negotiate and enter into contract amendments to increase the cumulative contract amounts with the three firms listed above for the purposes described above and in the Administration Committee Summary Sheet dated May 13, 2020, and that the Chief Financial Officer is directed to set aside \$300,000 cumulatively for such contract amendments.
Administration Committee:	<hr/> Federal D. Glover, Chair
Approved:	Date: May 13, 2020