



Board Report

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**FINANCE, BUDGET AND AUDIT COMMITTEE
MAY 19, 2021**
SUBJECT: CONSOLIDATED AUDIT FOR FISCAL YEARS 2021-25**ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a five-year, firm fixed price Contract No. PS71091000, to Vasquez and Company, LLP (Vasquez) to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions and agencies listed in Attachment C (Package A) for fiscal years (FY) 2021 - 2025 in the amount of \$2,506,618.26, effective July 1, 2021, subject to resolution of protest(s) if any; and
- B. AWARD a five-year, firm fixed price Contract No. PS71091001, to Simpson and Simpson, LLP (Simpson) to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions and agencies listed in Attachment D (Package B) for fiscal years (FY) 2021 -2025 in the amount of \$2,955,150, effective July 1, 2021, subject to resolution of protest(s), if any.

ISSUE

As the Regional Transportation Planner for Los Angeles County, the Los Angeles County Metropolitan Transportation Authority (Metro) is responsible for planning, programming, and allocating transportation funding to Los Angeles County jurisdictions, transit operators, and other transportation programs. Metro has the fiduciary responsibility to provide assurance that recipients of funds included in the Consolidated Audit adhere to the statutes, program guidelines, and/or agreements with each applicable funding source and that operations data used to allocate funds are fair and are in accordance with Federal Transit Administration (FTA) guidelines.

The consolidated audit process includes financial and compliance audits of the following programs:

1. Local Funding Program to the 88 cities and Unincorporated Los Angeles County.
 - a) Proposition A Local Return
 - b) Proposition C Local Return
 - c) Measure R Local Return
 - d) Measure M Local Return
 - e) Transit Development Act (TDA) Article 3
 - f) Transit Development Act (TDA) Article 8
 - g) Proposition A Discretionary Incentive Program

2. Transit System Funds to Commerce, Redondo Beach, and Torrance
 - a) Transit Development Act (TDA) Article 4
 - b) State Transit Assistance (STA)
 - c) Proposition A 95% of 40% Discretionary
 - d) Proposition C 5% Security
 - e) Proposition C 40% Discretionary
 - f) Measure R 20% Bus Operations
 - g) Measure M 20% Transit Operations
3. Proposition A 40% Discretionary - Growth Over Inflation (GOI) Funds to the transit system operators of LADOT, Glendale, Pasadena, and Burbank
4. Fare Subsidies Programs
 - a) Low Income Fare is Easy (LIFE)
 - b) Support for Homeless Re-Entry (SHORE) Program
5. SCRRRA Metrolink Program
6. Access Services
7. EZ Transit Pass Program
8. LADOT Operating Data (Proposition A Incentive Programs)

Metro allocates over \$650 million annually to the stated programs and distributes to the 88 cities (Cities) in Los Angeles County including the County of Los Angeles (County), and other agencies. Annual audits of the programs ensure that the agencies comply with the applicable rules, regulations, policies, guidelines and executed memorandums of understanding (MOU). The audits also serve as a program management tool for effectively managing and administering the programs.

Vasquez and Simpson will perform the financial and compliance audits to provide reasonable assurance to management whether recipients of subsidies included in the Consolidated Audit are adhering to the statutes of each applicable funding source. The audits will be conducted in accordance with generally accepted government auditing standards and will meet the American Institute of Certified Public Accountants' Standards. In performing these audits, Vasquez and Simpson will report on management deficiencies where noted, and report on findings that may result in funds being returned to Metro based on trades or exchange of funds, unused and lapsed funds, and disallowable expenditures.

DISCUSSION

The Consolidated Audit Project is divided into two separate packages (Package A and Package B) based primarily on the district geographic location, which creates a more efficient audit process by streamlining the number of audits performed by one firm.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Funding of \$1,079,728 for the audit services was requested in Management Audit Services' FY2022 budget in cost center 2510 under project numbers 100055, 100058 and 405510. Management Audit Services Department will be accountable for budgeting the costs in future years recognizing this a multi-year contract.

IMPACT TO BUDGET

The source of funds for Project 100055 is Measure R administration. The fund is not eligible for bus/rail operating or capital expense. The source of funds for Project 100058 is Measure M administration. The fund is not eligible for bus/rail operating or capital expense. The source of funds for Project 405510 is Other P&P Planning. The fund is not eligible for bus/rail operating or capital expense.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

No alternatives were considered, as state laws and federal provisions require that audits be conducted on the allocated funds. The Consolidated Audit process addresses the requirements and plays a major role in the continued implementation, management, and administration of the funding programs.

NEXT STEPS

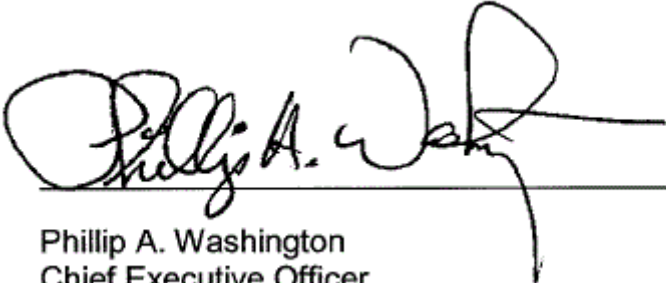
Upon Board approval, staff will execute Contract No. PS71091000 with Vasquez and Company, LLP, and Contract No. PS71091001 with Simpson and Simpson, LLP, for the Consolidated Financial and Compliance Audits for Fiscal Years 2021 - 2025, effective July 1, 2021.

ATTACHMENT

- Attachment A - Package A
- Attachment B - Package B
- Attachment C - Procurement Summary
- Attachment D - DEOD Summary

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