



Board Report

File #: 2022-0641, File Type: Contract

Agenda Number: 13.

FINANCE, BUDGET, AND AUDIT COMMITTEE
OCTOBER 19, 2022

SUBJECT: AUDIT SERVICES BENCH

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. AWARD eight (8) task order-based bench Contract Nos. PS86611000 through PS86611007, for Audit Support Services to the firms listed below, for a total not-to-exceed amount of \$7,142,240 for the initial three-year base term, plus \$2,476,605 for the first, one-year option and \$2,526,140 for the second, one-year option for a total not-to-exceed cumulative amount of \$12,144,985, effective January 1, 2023, subject to resolution of protest(s), if any; and

Discipline 1: Staff Augmentation

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. Talson Solutions, LLC
5. TAP International, Inc.
6. The Lopez Group, LLP
7. Vasquez & Company, LLP

B. EXECUTE or DELEGATE the execution of Task Orders under these contracts within the approved not-to-exceed cumulative value of \$12,144,985.

ISSUE

Management Audit Services Department (Management Audit) has a recurring need for consulting and assurance services

provided by certified public accounting (CPA) firms and other specialty firms. They provide consulting services relating to a broad range of audits and reviews, including: complete the Board approved annual audit plan, assist with management requested assignments, support fluctuating workload requirements, and conduct large and/or complex audits. The multiple award agreement (bench) is necessary for two primary reasons: to provide specialized expertise and to augment staff.

Staff recommends awarding contracts to eight (8) firms to serve this bench contract under two disciplines: Staff Augmentation and Subject Matter Expertise. These services will be performed on an as-needed basis for which task orders will be issued.

DISCUSSION

Metro is required to comply with Generally Accepted Government Auditing Standards (GAGAS). GAGAS has a due professional care standard which requires Management Audit to bring in outside experts to supplement staff when the area being audited requires technical or specialized skills that are not available within the department. Co-sourcing is typically used to supplement staff when a sudden influx of time sensitive audits exceeds available resources. Outsourcing can be used depending on the complexity of the audit, if the specialized skillset is not available in-house or independence is required by laws and regulations including the Measure M annual financial and compliance audits. Audits that normally fall under this requirement include information technology audits and specialized audits such as construction projects and processes including cost estimating.

Since this is a multiple award agreement, no firm has been guaranteed any work. The recommended not to exceed amount of \$12,144,985 is estimated for work needed in the next three years and two, one-year options. The projected services are based upon historical work outsourced for audit services and identified for outsourcing in the FY23 audit plan, in addition to utilization of the bench by other departments.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Management Audit has requested \$502,506 for this agreement in the proposed mid-year FY23 budget in cost center 2510 - Management Audit, under project 100001 - General Overhead. Since this is a multi-year agreement, the cost center managers and other Executive Officers will be accountable for budgeting future costs.

Impact to Budget

The source of funds for Project 100001 is General Overhead funds, comprised of Federal, State and local funds. This fund is eligible for bus and rail operating costs.

EQUITY PLATFORM

The Audit Services Bench contracts provide business opportunities for eight firms. The Diversity and Economic Opportunity Department (DEOD) established a 30% Disadvantaged Business Enterprise (DBE), 27% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. All Primes met or exceeded the DBE/SBE/DVBE goals.

To ensure maximum opportunity for participation in this contract, this solicitation was advertised through periodicals of general circulation, posted on Metro's Vendor Portal, and an e-mail notice to

SBE firms with applicable NAICS codes. The Proposal Evaluation Team (PET) was diverse and comprised of different department personnel with various backgrounds to comprehensively evaluate proposers and subconsultants to determine the most qualified teams.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support the Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization as the Audit Services Bench will allow the MAS to conduct specialized and time sensitive audits in a responsive manner in support of the agency's projects, programs, and initiatives.

ALTERNATIVES CONSIDERED

Two alternatives were considered. One alternative would be to hire additional full-time staff to perform the audits. However, this alternative is not considered cost effective because the volume of work is constantly changing making this activity subject to peak periods alternating with periods of low activity. Further, some projects require various technical or specialized skills that are not available since it is not practical to hire staff for each of the particular skillsets. Another alternative would be to obtain the audit services as separate procurements. This also is not recommended, as this would prolong the procurement process making it difficult to complete time-sensitive audits within the planned timeframe. In addition, because of the frequency of task orders typically issued, this would require a substantial amount of procurement processing time.

NEXT STEPS


Upon Board approval, staff will execute the bench contracts.

ATTACHMENT

- A. Procurement Summary
- B. List of Recommended Contractors
- C. DEOD Summary

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