

**Board Report**

File #: 2020-0156, **File Type:** Contract**Agenda Number:** 10.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 18, 2020****SUBJECT: ANNUAL FINANCIAL AND COMPLIANCE AUDITS OF METRO AND ITS
COMPONENT UNITS****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a five-year, firm fixed-price Contract No. PS64807000 to Crowe LLP to provide Annual Financial and Compliance Audit Services in the amount of \$1,836,135 effective April 10, 2020, subject to resolution of protest(s), if any.

ISSUE

Metro is required to have an independent Certified Public Accountant firm perform annual financial and compliance audits. The audit reports are submitted to funding partners and to financing institutions relative to Metro bond issues. The recommended contractor shall begin with the audit of Metro's financial statements and component units starting fiscal year ending June 30, 2020.

DISCUSSION

The scope of services includes the financial and compliance audit requirements of Metro and the component units including:

- Comprehensive Annual Financial Report (CAFR);
- Single Audit Report on Federal grant activities;
- Transportation Development Act (TDA);
- Proposition 1B Public Transportation, Modernization, Improvement, and Service Enhancement Account Program (PTMISEA);
- State Transit Assistance (STA);
- Service Authority for Freeway Emergencies (SAFE),
- Low Carbon Transit Operations Program (LCTOP);
- Crenshaw Project Corporation (CPC); and
- National Transit Database (NTD).

The firm is also required to provide a management report which addresses any material weaknesses and/or significant deficiencies in Metro's accounting system and internal controls noted in the auditor's examination of Metro's books and records.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding of \$342,410 for the contracted services will be appropriated in the FY2021 budget in cost center 2510 under project number 405510. Since this is a multi-year contract, Management Audit Services will be accountable for budgeting the cost in future years.

IMPACT TO BUDGET

The source of funds for Project 405510 is Propositions A, C & TDA Administration funds. These funds are 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 laws and regulations require Metro to have financial and compliance audits performed annually by an independent Certified Public Accountant.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS64807000 to Crowe LLP for annual financial and compliance audits, effective April 10, 2020.

ATTACHMENT

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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