



October 23, 2023

To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: Approval to Release Request for Proposals for Independent Annual Financial Auditing Services

Overview

The Orange County Transportation Authority requires the services of an independent public accounting firm to perform annual financial and compliance audits and agreed-upon procedures reviews of the Orange County Transportation Authority and related agencies for the fiscal years ending June 30, 2024, 2025, and 2026. Staff has developed a draft request for proposals to initiate the competitive procurement process to select a firm to provide annual financial audits and agreed-upon procedures reviews.

Recommendations

- A. Approve the proposed evaluation criteria and weightings for Request for Proposals 3-2931 to select an independent public accounting firm to provide annual financial and compliance audits and agreed-upon procedures reviews.
- B. Approve the release of Request for Proposals 3-2931 for independent annual financial auditing services effective April 1, 2024 through March 31, 2027, with one, two-year option term.

Discussion

The Orange County Transportation Authority (OCTA) requires an independent public accounting firm to perform annual financial and compliance audits and agreed-upon procedures reviews for OCTA and its related agencies for an initial term of three consecutive years beginning with audits for the fiscal year (FY) ending June 30, 2024. OCTA also requires a Measure M2 compliance audit for

the FY ending 2024. Following the initial term there will be one, two-year option term. The firm will also perform the annual fiscal and compliance examinations and certifications required by the Single Audit Act of 1984, as amended, and the National Transit Database Reporting.

The evaluation committee will consist of individuals from the Internal Audit Department, the Finance and Administration Division, the Taxpayer Oversight Committee, the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency, and Metrolink. Proposals will be evaluated, and short-listed firms will be invited to interview. The short-listed firms, along with a recommendation for selection of a firm, will be presented to the Finance and Administration Committee, where a firm will be recommended for approval by the Board of Directors (Board).

Procurement Approach

The OCTA Board-approved procurement policies and procedures require that the Board approve all requests for proposals (RFP) over \$1,000,000, as well as approve the evaluation criteria and weightings. Staff is submitting, for Board approval, the draft RFP and evaluation criteria and weightings, which will be used to evaluate proposals received in response to the RFP.

The recommended evaluation criteria and weightings are as follows:

- Qualifications of the Firm 25 percent
- Staffing and Project Organization 30 percent
- Work Plan 20 percent
- Cost and Price 25 percent

An independent audit firm must have substantial depth and breadth of technical expertise in a variety of accounting and auditing matters, and the firm must demonstrate its compliance with Government Auditing Standards. As such, qualifications of the firm is weighted at 25 percent. The training and experience of the firm’s staff and the organization of its team is critical to the professional and timely completion of the annual audit work. Therefore, staffing and project organization is weighted the highest at 30 percent. The work plan, or annual audit plan, is important because it is the approach the firm will use to examine OCTA’s internal controls, compliance, and financial records. However, these procedures are largely based on accounting and auditing standards, and the agreed-upon procedures are provided by OCTA. As such, work plan is weighted at 20 percent. Cost and price is weighted at 25 percent to ensure OCTA receives competitive pricing for services provided.

The term of the contract will be a three-year initial term with one, two-year option term. The total anticipated budget for the three-year initial term is \$1,399,522.

This RFP will be released upon Board approval of these recommendations.

Fiscal Impact

Funding for these services was approved as part of OCTA's FY 2023-24 budget, and as approved by the Board of Directors, a budget amendment for provision of a Measure M2 compliance audit for the FY ending 2024. Budgeted amounts are included in the Internal Audit Department Account No. 1610-7512-A0001-N10, Measure M2 Account No. 0017-7512-M0201-N10, 91 Express Lanes Account No. 0036-7512-B0001-N10, and 405 Express Lanes Account No. 0037-7512-A9510-N10.

Summary

Board approval is requested to release RFP 3-2931 to initiate the competitive procurement process to select a firm to provide independent financial statement and compliance audits and agreed-upon procedures services, as well as approval of the proposed evaluation criteria and weightings.

Attachment

- A. Draft Request for Proposals (RFP) 3-2931 Independent Annual Financial Auditing Services

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