



September 24, 2018

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 Orange County Transportation Authority's Independent Financial Statement Auditor

Overview

The Orange County Transportation Authority requires the services of an independent public accounting firm to perform annual financial audits and agreed-upon procedures reviews of the Orange County Transportation Authority and related agencies for the fiscal years ending June 30, 2019, 2020, and 2021. 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 8-1911 to select an independent public accounting firm to provide annual financial audits and agreed-upon procedures reviews.
- B. Approve the release of Request for Proposals 8-1911 for the independent annual financial auditing services effective April 1, 2019 through March 31, 2022, with one, two-year option term.

Discussion

The Orange County Transportation Authority (OCTA) requires an independent public accounting firm to perform annual financial 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, 2019. 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 Taxpayers Oversight Committee, and the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency. 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 request 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:

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

Several factors are considered in establishing criteria weightings. An independent audit firm must have substantial depth and breadth of technical expertise in a variety of accounting and auditing matters, and 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. Also, continuity and professionalism of staff is crucial for a productive and efficient work environment. 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, its compliance, and its 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 \$1,000,107.

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 2018-19 budget, Internal Audit Department, Account 1610-7512-A0001-N10, Measure M2 Account 0017-7512-M0201-N10, and 91 Express Lanes Account 0036-7512-B0001-N10.

Summary

Board approval is requested to release RFP 8-1911 to initiate the competitive procurement process to select a firm to provide independent financial statement audit and agreed upon procedures services, as well as approval of the proposed evaluation criteria and weightings.

Attachment

- A. Draft Request for Proposals (RFP) 8-1911 Independent Annual Financial Auditing Services

Approved by:



Janet Sutter
Executive Director, Internal audit
714-560-5591

Approved by:



Virginia Abadessa
Director, Contracts Administration and
Materials Management
714-560-5623