





April 22, 2024

To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer 
Janet Sutter, Executive Director 
Internal Audit Department

Subject: Agreement for Independent Annual Financial Auditing Services

Overview

On January 22, 2024, the Board of Directors approved the selection of Eide Bailly LLP, as the firm to provide 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. On April 11, 2024, Eide Bailly LLP notified the Orange County Transportation Authority that the firm could not agree to terms of the proposed agreement relating to the duty to defend. As such, the Board of Directors' approval is requested to approve the selection of the second-ranked firm, Crowe LLP.

Recommendations

- A. Approve the selection of Crowe LLP, as the firm to provide independent annual financial auditing services.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-2931 between the Orange County Transportation Authority and Crowe LLP, in the amount of \$1,785,500, to provide independent annual financial auditing services for a three-year initial term with one, two-year option term.

Background

The Orange County Transportation Authority (OCTA) requires an independent public accounting firm to perform annual financial and compliance audits and agreed-upon procedures reviews of OCTA and its affiliated agencies for an initial term of three consecutive years, beginning with audits for the fiscal year ending June 30, 2024. In addition to the typical annual audit services, OCTA is

requesting the firm provide a Measure M2 (M2) compliance audit of the Orange County Local Transportation Authority for the fiscal year ending June 30, 2024, with the option to request such an audit in future years upon Board of Directors' (Board) approval. Following the initial three-year term, there will be one, two-year option term for services for the fiscal years ending June 30, 2027, and 2028.

Discussion

On January 22, 2024, the Board approved the evaluation committee's recommendation to select Eide Bailly LLP, as the firm to provide annual financial and compliance audits and agreed-upon procedures reviews of OCTA and related agencies for the fiscal years ending June 30, 2024, 2025, and 2026. Since that time, staff has been taking the necessary actions and working to execute an agreement with Eide Bailly LLP. Following several conversations with Eide Bailly LLP, including conversations between respective legal counsels, on April 11, 2024, Eide Bailly LLP notified OCTA that the firm could not agree to terms of the proposed agreement relating to the duty to defend.

The staff report presented to the Board on January 22, 2024, detailing the original procurement process and summarizing qualifications, staffing, work plan and costs proposed by the three short-listed firms and recommendation to approve Eide Bailly LLP, can be found in Attachment A.

Fiscal Impact

Funding for these services was approved as part of OCTA's Internal Audit Department Fiscal Year 2023-24 Budget, Account No. 1610-7512-A0001-N1O, Measure M2 Account No. 0017-7512-M0201-N1O, 91 Express Lanes Account No. 0036-7512-B0001-N1O, and 405 Express Lanes Account No. 0037-7512-A9510-N1O. Additional funding required for the services can be accommodated within the current year's budget.

Summary

Staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-2931 between OCTA and Crowe LLP, in the amount of \$1,785,500, to provide independent annual financial auditing services for a three-year initial term with one, two-year option term.

Attachment

- A. Staff Report for Agreement for Independent Annual Financial Auditing Services, dated January 10, 2024

Prepared by:



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