



**Board Report**

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**File #:** 2020-0606, **File Type:** Contract

**Agenda Number:** 7.

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
OCTOBER 14, 2020**

**SUBJECT: AUDIT SERVICES BENCH FY2018 to FY2022**

**ACTION: APPROVE CONTRACT MODIFICATION**

**RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to execute Modification No. 3 to Contract Nos. PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 to exercise the first, one-year option, extending the contract term from January 1, 2021 to December 31, 2021; and increasing the total authorized not-to-exceed amount by \$2,288,000 from \$6,864,000 to \$9,152,000; and
  
- B. AWARDING AND EXECUTING task orders for an aggregate not-to-exceed amount of \$9,152,000.

**ISSUE**

In May 2017, the Board of Directors approved the establishment of Audit Services Bench contracts (Bench) for a combined total amount not-to-exceed \$11,440,000 for a 3-year base term, plus two, one-year options. The Bench provides Management Audit Services (MAS) with consulting and assurance services relating to a broad range of audits and reviews including completion of the Board approved annual audit plan, assistance with CEO/Board requested assignments, staffing support for fluctuating workload requirements, and supports specialized and/or complex audits.

Board authorization is requested to exercise the first one-year option to provide specialized expertise and augmented audit services.

**DISCUSSION**

MAS is required to comply with Generally Accepted Government Auditing Standards (GAGAS).

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GAGAS has a due professional care standard which requires MAS 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 expertise with highly specialized audits which exceeds internal capacity and/or resources. Outsourcing is used depending on the complexity of the audit or if the specialized skillsets and/or capacity is not available in-house. Specialized audits that generally fall under this requirement include information technology audits, construction or operations projects, programs and/or processes. Other areas of work outsourced or co-sourced to expert firms include Call-for-Projects closeout audits, Caltrans audits, grant audits such as State Transportation Improvement Program including financial, compliance and external audits of subrecipients; and others

To date, a total of 63 task orders have been issued against the Bench, for a cumulative total value of \$6,296,682.79, or 92% of the total not to exceed amount of \$6,864,000 for the initial 3-year base term. Currently, 11 of the 16 firms on the Bench are certified as DBEs and SBEs and task orders have been awarded to these firms in a cumulative amount of \$4,543,019.50 or 72% of the total awarded value. A list of the awarded task orders is provided as Attachment D.

### **DETERMINATION OF SAFETY IMPACT**

The approval of the recommendation above will have no negative impact on the safety of Metro employees or passengers.

### **FINANCIAL IMPACT**

Funding for FY21 is included in the department, cost center budgets. Each task order awarded to a Contractor will be funded with the source of funds identified for that project. Since this option will continue into FY2022, the cost center managers, Chief Auditor and other Executive Officers will be accountable for budgeting future costs.

#### **Impact to Budget**

The funding for these task orders is dependent upon the specific project.

### **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**

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

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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**

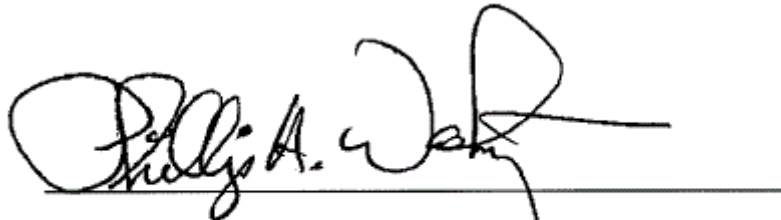
Upon approval by the Board, staff will execute Contract Modification No. 3 to the Audit Service Bench contracts and continue to award individual task orders for audit services.

**ATTACHMENT**

- A. Procurement Summary
- B. Contract Modification/Change Order Log
- C. Firms on Audit Services Bench
- D. List of Task Orders and Values
- E. DEOD Summary

Prepared by: Monica Del Toro, Audit Support Manager, (213) 922-7494

Reviewed by: Shalonda Baldwin, Chief Auditor (Interim), (213) 418-3265  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051

A handwritten signature in black ink, appearing to read "Phillip A. Washington", written over a horizontal line.

Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

AUDIT SERVICES BENCH FY2018 TO FY2022 / PS36627000 through PS36627004,  
PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018

1.	<b>Contract Number:</b> PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018		
2.	<b>Contractor:</b> See Attachment C		
3.	<b>Mod. Work Description:</b> Exercise the first one-year option		
4.	<b>Contract Work Description:</b> To provide audit services		
5.	<b>The following data is current as of:</b> 8/27/20		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	5/17/17	<b>Contract Award Amount:</b> \$6,864,000
	<b>Notice to Proceed (NTP):</b>	N/A	<b>Total of Modifications Approved:</b> \$0
	<b>Original Complete Date:</b>	6/30/20	<b>Pending Modifications (including this action):</b> \$2,288,000
	<b>Current Est. Complete Date:</b>	12/31/21	<b>Current Contract Value (with this action):</b> \$9,152,000
7.	<b>Contract Administrator:</b> Greg Baker		<b>Telephone Number:</b> (213) 922-7577
8.	<b>Project Manager:</b> Lauren Choi		<b>Telephone Number:</b> (213) 922-3926

**A. Procurement Background**

This Board Action is to approve Contract Modification No. 3 to the Audit Services Bench Contract Numbers PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, and PS36627011 through PS36627018 to exercise option year one to perform audit services, which increases the total cumulative not-to-exceed amount and extends the contract term to December 31, 2021.

This Contract Modification and future Task Orders will be processed in accordance with Metro's Acquisition Policy and the contract type is task order based firm fixed unit rate.

On May 17, 2017, the Board of Directors authorized the Chief Executive Officer to award audit bench contracts to the firms listed in Attachment C to provide audit support to Management Audit Services for a period of three years with two, one-year options. The current Audit Services Bench contracts will expire on December 31, 2020.

**B. Cost/Price Analysis**

All future task orders and modifications will be determined to be fair and reasonable in accordance with Metro's Acquisition Policy at the time of issuance and award.

## CONTRACT MODIFICATION/CHANGE ORDER LOG

AUDIT SERVICES BENCH FY2018 TO FY2022 / PS36627000 through PS36627004,  
PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018

Mod. No.	Description	Status (approved or pending)	Date	\$ Amount
1	Add the Disadvantaged Business Enterprise (DBE) Participation requirement of 30%	Approved	10/31/2018	\$0
2	Extended the contract base period of performance by six months from July 1, 2020 through December 31, 2020	Approved	06/17/2020	\$0
3	Exercise Option 1	Pending	Pending	\$2,288,000
	<b>Modification Total:</b>			<b>\$2,288,000</b>
	<b>Original Contract:</b>			<b>\$6,864,000</b>
	<b>Total:</b>			<b>\$9,152,000</b>

## FIRMS ON THE AUDIT SERVICES BENCH

<b>Contract #</b>	<b>Consultant</b>	<b>Certifications</b>
PS36627000	BCA Watson Rice, LLP	SBE
PS36627001	Choi Hong Lee & Kang, LLP	None
PS36627002	Chung & Chung Accountancy Corporation, CPAS	DBE/SBE
PS36627003	Conrad, LLP	SBE
PS36627004	CPC Financial Services, Inc.	SBE
PS36627006	KNL Support Services	DBE/SBE
PS36627008	Lopez and Company, LLP	DBE/SBE
PS36627009	MACIAS, Gini & Co.	None
PS36627011	Qiu Accountancy Corp.	SBE
PS36627012	RTJ CPA, P.C.	SBE
PS36627013	Simpson & Simpson CPAS	None
PS36627014	Susan Hum, CPA	DBE/SBE
PS36627015	Talson Solutions, LLC.	DBE/SBE
PS36627016	David M. Lewis Company, LLC.	None
PS36627017	Tap International, Inc.	SBE
PS36627018	Vasquez and Company, LLP.	None

**ATTACHMENT D - LIST OF TASK ORDERS AND VALUES**

<b>DBE/SBE Awards</b>			
<b>Contract No.</b>	<b>Company Name</b>	<b>Task Orders Awarded to Date</b>	<b>Task Order Award Amount</b>
PS36627000	BCA Watson Rice, LLP	22	\$1,561,220.00
PS36627002	Chung & Chung Accountancy Corporation, CPAS	0	\$0.00
PS36627003	Conrad, LLP	0	\$0.00
PS36627004	CPC Financial Services, Inc.	16	\$850,920.00
PS36627006	KNL Support Services	2	\$191,965.68
PS36627008	Lopez and Company, LLP	10	\$1,286,008.82
PS36627011	Qiu Accountancy Corp.	3	\$112,080.00
PS36627012	RTJ CPA, P.C.	0	\$0.00
PS36627014	Susan Hum, CPA	1	\$71,808.00
PS36627015	Talson Solutions, LLC.	3	\$449,017.00
PS36627017	Tap International, Inc.	1	\$20,000.00
<b>Total Awarded Task Order Subtotal</b>		<b>58</b>	<b>\$4,543,019.50</b>
<b>Total Task Order Value</b>			



**ATTACHMENT D - LIST OF TASK ORDERS AND VALUES**

<b>Non DBE/SBE Awards</b>			
<b>Contract No.</b>	<b>Company Name</b>	<b>Task Orders Awarded to Date</b>	<b>Task Order Award Amount</b>
PS36627001	Choi Hong Lee & Kang, LLP	0	\$0.00
PS36627009	MACIAS, Gini & Co.	0	\$0.00
PS36627013	Simpson & Simpson CPAS	4	\$1,734,840.00
PS36627016	David M. Lewis Company, LLC.	0	\$0.00
PS36627018	Vasquez and Company, LLP.	1	\$18,823.29
Total Awarded Task Order Subtotal		5	\$1,753,663.29
Total Task Order Value			

Total Task Orders Awarded	63	Amount Awarded
DBE/SBE Task Order Value		\$4,543,019.50
Total Task Order Value		\$6,296,682.79

## DEOD SUMMARY

**AUDIT SERVICES BENCH FY2018 TO FY2022 / PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018****A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 27% Small Business Enterprise (SBE), 3% Disabled Veteran Business Enterprise (DVBE) goal and subsequently a 30% Disadvantaged Business Enterprise (DBE) goal was added to accommodate federally funded task orders through contract modification.

Each bench participant met or exceeded the 27% SBE / 3% DVBE or 30% DBE commitment. The Audit Services Bench is subject to the Small Business Prime (Set-Aside) Program requirements. Twelve of the nineteen bench participants are SBE primes. The overall SBE/DVBE/DBE participation is based on the aggregate of all Task Orders awarded through the bench.

To date, sixty-three (63) task orders have been awarded to ten (10) primes on the bench. Fifty-eight (58) of the task orders were awarded to SBE firms. Based on payments, the cumulative SBE participation is **70.69%** and the cumulative DBE participation is **83.25%**. To-date, no task orders have been awarded with a DVBE commitment, due in part to the number of Small Business Prime (Set-Aside) task orders awarded, where DVBE participation does not apply. Task orders will continue to be tracked for progress in meeting participation commitments.

<b>Small Business Commitment</b>	<b>27% SBE 3% DVBE 30% DBE</b>	<b>Small Business Participation</b>	<b>70.69% SBE 0% DVBE 83.25% DBE</b>
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DBE/SBE Primes & Subcontractors		Current Participation		
		DBE	SBE	DVBE
1	BCA Watson Rice (SBE Prime)	-	100%	-
Total		-	100%	-
2	CPC Financial Services, Inc. (SBE Prime)	-	100%	-
Total		-	100%	-
3	KNL Support Services (SBE Prime)	-	100%	-
Total		-	100%	-
4	Lopez and Associates, LLC (SBE Prime)	-	96.98%	-
Total		-	96.98%	-
5	Qiu Accountancy Corporation (SBE Prime)	-	100%	-
Total		-	100%	-
6	Simpson and Simpson, LLP	-	0.00%	0.00%
Total		-	0.00%	0.00%
7	Susan Hum, CPA (SBE Prime)	-	100%	-
Total		-	100%	-
8	Talson Solutions, LLP (DBE/SBE Prime)	83.25%	97.55%	-
Total		83.25%	97.55%	-

9	TAP International, Inc. (SBE Prime)	-	100%	-
Total		-	100%	-
10	Vasquez and Company, LLP	-	0.00%	0.00%
Total		-	0.00%	0.00%

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

A review of the current service contract indicates that the Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) was not applicable at the time of award. Therefore, the LW/SCWRP is not applicable to this modification.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this modification.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.