



Board Report

File #: 2026-0191, File Type: Contract

Agenda Number: 22.

FINANCE, BUDGET AND AUDIT COMMITTEE APRIL 16, 2026

SUBJECT: FY2026-FY2030 CONSOLIDATED AUDIT

ACTION: AWARD CONTRACTS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a five-year, firm fixed unit rate Contract No. PS135819000 to Vasquez & Company LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment A (Package A) for fiscal years (FY) 2026-2030 in the Not-To-Exceed (NTE) amount of \$2,715,634, effective May 1, 2026, subject to the resolution of any properly submitted protest(s) if any; and
- B. AWARD a five-year, firm fixed unit rate Contract No. PS135819001 to Simpson and Simpson LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment B (Package B) for FY2026-2030 in the Not-To-Exceed (NTE) amount of \$3,121,225, effective May 1, 2026, subject to the resolution of any properly submitted protest(s), if any.

ISSUE

Metro is required to have an independent auditor perform financial and compliance audits to provide reasonable assurance to management that recipients of subsidies included in the Consolidated Audit are in compliance with the statutes of each applicable funding source. These audits will be conducted in accordance with generally accepted government auditing standards and will meet the American Institute of Certified Public Accountants' Standards. In performing these audits, the auditors will report on internal control deficiencies when noted and on findings that may result in funds being returned to Metro, including trades or exchanges of funds, unused and lapsed funds, and disallowable expenditures. The current contracts expire June 30, 2026.

BACKGROUND

As the Regional Transportation Planner for Los Angeles County, Metro is responsible for planning, programming, and allocating transportation funding to Los Angeles County jurisdictions, transit operators, and other transportation programs. Metro has the fiduciary responsibility to provide

assurance that recipients of funds included in the Consolidated Audit adhere to the statutes, program guidelines, and/or agreements with each applicable funding source and that operations data used to allocate funds are fair and are in accordance with Federal Transit Administration (FTA) guidelines.

Metro allocates over \$1.2 billion annually to the stated programs and distributes them to the 88 cities (Cities) in Los Angeles County, as well as the County of Los Angeles (County), and other agencies. Annual audits of the programs ensure that the agencies comply with applicable rules, regulations, policies, guidelines, and executed memoranda of understanding (MOUs). The audits also serve as a program management tool for effectively managing and administering the programs.

The consolidated audit process includes financial and compliance audits of the following programs:

1. Local Funding Program to the 88 cities and Unincorporated Los Angeles County.
 - a) Proposition A Local Return
 - b) Proposition C Local Return
 - c) Measure R Local Return
 - d) Measure M Local Return
 - e) Transit Development Act (TDA) Article 3
 - f) Transit Development Act (TDA) Article 8
 - g) Proposition A Discretionary Incentive Program
2. Transit System Funds to Commerce, Redondo Beach, and Torrance
 - a) Transit Development Act (TDA) Article 4
 - b) State Transit Assistance (STA)
 - c) Proposition A 95% of 40% Discretionary
 - d) Proposition C 5% Security
 - e) Proposition C 40% Discretionary
 - f) Measure R 20% Bus Operations
 - g) Measure M 20% Transit Operations
3. Proposition A Growth Over Inflation (GOI) Funds to the transit operators of LADOT, Glendale, Pasadena, and Burbank
4. EZ Transit Pass Program
5. SB125 Zero Emission Transit Capital Program (ZETCP)
6. LADOT Operating Data (Proposition A Incentive Programs)
7. Low Income Fare is Easy (LIFE) - LIFE Administrator
8. SCRRA Metrolink Program
9. Access Services

DISCUSSION

The consolidated audit contracts are divided into two geographically based packages, with the award limited to one package per firm to preserve auditor independence and ensure adequate coverage. The firms will conduct financial and compliance audits of agencies that receive Metro-administered funds at the program level. Deliverables will vary by program but generally include audited financial statements or fund reports, compliance reports, schedules of findings and questioned costs, expenditure comparison schedules, and financial summaries to support Metro's monitoring and lapsed fund determinations.

In accordance with Assembly Bill 1345 (Government Code §12410.6 (b)), a local agency may not employ a public accounting firm whose lead audit partner has performed audit services for that local agency for six consecutive fiscal years. Consistent with this requirement and to further maintain independence, MAS has implemented a 5-year rotation rule for engagement partners for all external auditors. This requirement is noted in the statement of work.

Approval of these contracts will ensure the continuation of independent oversight necessary to support Metro's administration and monitoring of these funding programs.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding of \$1,154,549 for these audit services was requested in Management Audit Services' FY2027 budget in cost center 2510 under project numbers 100055, 100058, and 405510. Management Audit Services will be accountable for budgeting the costs in future years, recognizing that these are multi-year contracts.

Impact to Budget

The source of funds for Project 100055 is Measure R administration. The fund is not eligible for bus/rail operating or capital expense. The source of funds for Project 100058 is Measure M administration. The fund is not eligible for bus/rail operating or capital expense. The source of funds for Project 405510 is Proposition A, C & TDA administration. The fund is not eligible for bus/rail operating or capital expense.

EQUITY PLATFORM

The Consolidated Audit supports compliance with applicable ordinances and guidelines, as well as assists program managers in effectively managing and administering programs that serve all communities throughout the County. There are no known equity impacts or concerns associated with the Consolidated Audit services contracts.

The Diversity and Economic Opportunity Department (DEOD) established a 33% Disadvantaged

Business Enterprise (DBE) goal for this procurement. However, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals and enforcement, effective October 3, 2025. Metro is currently reviewing the Interim Final Rule (IFR) to identify necessary program and procedural changes to ensure full compliance. While the DBE commitment is not a factor in the staff recommendation, Vasquez & Company LLP, under Package A, listed one certified small business as a subcontractor.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it will provide audits in support of Metro's various projects and programs. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

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. The projects/programs developed with these funds directly or indirectly support all five Vision 2028 goals identified in Metro's Strategic Plan.

ALTERNATIVES CONSIDERED

One alternative is that the Board not approve the contracts. This is not recommended, as state laws, federal provisions and sales tax revenue ordinances require that audits be conducted on the allocated funds. The Consolidated Audit process addresses the requirements and plays a major role in the continued implementation, management, and administration of the funding programs.

NEXT STEPS

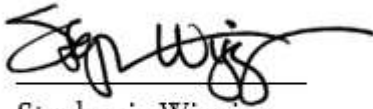
Upon Board approval, staff will execute Contract No. PS135819000 with Vasquez & Company LLP, and Contract No. PS135819001 with Simpson and Simpson LLP, for the Consolidated Financial and Compliance Audits for FY2026 - 2030, effective May 1, 2026.

ATTACHMENTS

Attachment A - Package A
Attachment B - Package B
Attachment C - Procurement Summary
Attachment D - DEOD Summary

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Stephanie Wiggins
Chief Executive Officer

**FY2026 - FY2030 Consolidated Audit
List of Jurisdictions and Agencies
Funded Programs and Projects to Audit**

Jurisdictions/Agencies	Local Funding							EZ Pass			SB 125 ZETCP	LADOT Operating Data	LIFE	Metrolink Program	Access Services	
	Prop A Local Return	Prop C Local Return	Measure R Local Return	Measure M Local Return	Article 3	Article 8	Prop A Incentive	Transit System Funds	Proposition A GOI Funds	EZ Transit Pass Regular						EZ Pass (Metrolink)
City of Agoura Hills									
City of Alhambra									
City of Azusa									
City of Baldwin Park									
City of Bell									
City of Bell Gardens									
City of Beverly Hills									
City of Calabasas									
City of Carson						
City of Commerce				
City of Compton								
City of Cudahy									
City of Culver City				
City of El Monte									
City of Gardena				
City of Hawthorne									
City of Hidden Hills									
City of Huntington Park									
City of Industry									
City of Inglewood									
City of Irwindale									
City of La Puente									
City of Lawndale									
City of Lynwood									
City of Malibu									
City of Maywood									
City of Montebello				
City of Monterey Park				
City of Pico Rivera									
City of Pomona									
City of Rosemead									
City of San Fernando									
City of San Gabriel									
City of San Marino									
City of Santa Fe Springs									
City of Santa Monica				
City of South El Monte									
City of South Gate									
City of South Pasadena									
City of Temple City									
City of Vernon									
City of Walnut									
City of West Hollywood									
City of Westlake Village									
County of Los Angeles						
Antelope Valley Transit Authority										
Pomona Valley Transportation Authority							.									
Los Angeles World Airports										.						
SCRRA - Metrolink Program															.	

FY2026 - FY2030 Consolidated Audit
 List of Jurisdictions and Agencies
 Funded Programs and Projects to Audit

Jurisdictions/Agencies Package B	Local Funding							EZ Pass			SB 125 ZETCP	LADOT Operating Data	LIFE	Metrolink Program	Access Services	
	Prop A Local Return	Prop C Local Return	Measure R Local Return	Measure M Local Return	Article 3	Article 8	Prop A Incentive	Transit System Funds	Proposition A GOI Funds	EZ Transit Pass Regular						EZ Pass (Metrolink)
City of Arcadia	•	•	•	•	•							•				
City of Artesia	•	•	•	•	•		•									
City of Avalon	•	•	•	•	•	•										
City of Bellflower	•	•	•	•	•		•									
City of Bradbury	•	•	•	•	•											
City of Burbank	•	•	•	•	•		•		•	•	•					
City of Cerritos	•	•	•	•	•		•									
City of Claremont	•	•	•	•	•							•				
City of Covina	•	•	•	•	•		•									
City of Diamond Bar	•	•	•	•	•											
City of Downey	•	•	•	•	•		•									
City of Duarte	•	•	•	•	•		•									
City of El Segundo	•	•	•	•	•											
City of Glendale	•	•	•	•	•		•		•	•	•					
City of Glendora	•	•	•	•	•		•									
City of Hawaiian Gardens	•	•	•	•	•											
City of Hermosa Beach	•	•	•	•	•											
City of La Canada Flintridge	•	•	•	•	•											
City of La Habra Heights	•	•	•	•	•											
City of La Mirada	•	•	•	•	•							•				
City of La Verne	•	•	•	•	•											
City of Lakewood	•	•	•	•	•											
City of Lancaster	•	•	•	•	•	•										
City of Lomita	•	•	•	•	•											
City of Long Beach	•	•	•	•	•					•		•				
City of Los Angeles	•	•	•	•	•		•									
City of Manhattan Beach	•	•	•	•	•		•									
City of Monrovia	•	•	•	•	•		•									
City of Norwalk	•	•	•	•	•					•	•	•				
City of Palmdale	•	•	•	•	•	•										
City of Palos Verdes Estates	•	•	•	•	•		•									
City of Paramount	•	•	•	•	•											
City of Pasadena	•	•	•	•	•		•		•	•	•					
City of Rancho Palos Verdes	•	•	•	•	•											
City of Redondo Beach	•	•	•	•	•		•	•		•		•				
City of Rolling Hills	•	•	•	•	•											
City of Rolling Hills Estates	•	•	•	•	•											
City of San Dimas	•	•	•	•	•											
City of Santa Clarita	•	•	•	•	•	•	•			•	•	•				
City of Sierra Madre	•	•	•	•	•											
City of Signal Hill	•	•	•	•	•											
City of Torrance	•	•	•	•	•			•		•	•	•				
City of West Covina	•	•	•	•	•		•									
City of Whittier	•	•	•	•	•		•									
LADOT									•	•	•	•	•	•		
Foothill Transit										•	•	•				
Int'l Institute of LA														•		
Access Services																•
	89	89	89	89	88	5	48	3	4	19	12	16	1	1	1	1

PROCUREMENT SUMMARY

**FY2026-FY2030 CONSOLIDATED AUDIT
PS135819000 / PS135819001**

1.	Contract Number: PS135819000 (Package A) PS135819001 (Package B)	
2.	Recommended Vendor: Vasquez & Company LLP (Package A) Simpson and Simpson LLP (Package B)	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: October 1, 2025	
	B. Advertised/Publicized: October 1, 2025	
	C. Pre-Proposal Conference: October 8, 2025	
	D. Proposals Due: November 3, 2025	
	E. Pre-Qualification Completed: March 2, 2026	
	F. Ethics Declaration Forms submitted to Ethics: November 4, 2025	
	G. Protest Period End Date: April 21, 2026	
5.	Solicitations Downloaded: 26	Bids/Proposals Received: 4 (Package A) 4 (Package B)
6.	Contract Administrator: Bryan Truong	Telephone Number: (213) 922-4241
7.	Project Manager: Lauren Choi	Telephone Number: (213) 922-3926

A. Procurement Background

This Board Action is to approve Contract Nos. PS135819000 (Package A) and PS135819001 (Package B) to perform consolidated financial and compliance audits of programs, jurisdictions, and agencies for fiscal years (FY) 2026-2030, to provide assurances that recipients of subsidies are adhering to the statutes of each applicable funding source. The scope of services is divided into two separate packages (Package A and B) based primarily on the geographical locations of the agencies to be audited. Board approval of contract awards is subject to the resolution of any properly submitted protest(s), if any.

On October 1, 2025, Request for Proposals (RFP) No. PS135819 was issued as a competitive negotiated procurement in accordance with Metro’s Acquisition Policy and the contract type is a firm fixed unit rate.

Proposers were allowed to propose on one or both Packages, however, a proposer can only be awarded one package. This aims to streamline the audit process and to ensure that audit firms will be able to meet Metro’ strict audit schedule.

One amendment was issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on October 10, 2026, clarified that the DBE participation goal set forth in the solicitation is not a factor or requirement for this procurement due to the review of the Interim Final Rule (IFR).

A total of 26 downloads of the RFP were included in the planholder's list. A virtual pre-proposal conference was held on October 8, 2025, and was attended by 12 participants representing 7 firms. There were 29 questions received and responses were issued prior to the proposal due date.

A total of 4 proposals for both Package A and B were received by the proposal due date of November 3, 2025, and are listed below in alphabetical order:

Package A

1. ASM LLP
2. BCA Watson Rice LLP
3. Simpson and Simpson LLP
4. Vasquez & Company LLP

Package B

1. ASM LLP
2. BCA Watson Rice LLP
3. Simpson and Simpson LLP
4. Vasquez & Company LLP

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro's Audit Management Department, Local Programming Department, and Office of Management & Budget was convened and conducted a comprehensive technical evaluation of the proposals received.

From November 17, 2025, through December 22, 2025, the PET independently evaluated the proposals based on the following evaluation criteria for both Packages:

Phase I: Minimum Qualifications Requirements: Proposers must meet the following minimum qualifications requirements at the time of proposal submittal:

1. Prime Contractor must be a Certified Public Accountant (CPA) firm licensed to provide accounting, financial, and auditing services in the State of California.
2. Prime Contractor must have a satisfactory Peer Review within the last three years showing compliance with Generally Accepted Government Auditing Standards (GAGAS). The Peer Review Report must be provided in accordance with the following standards:

- a. GAGAS Standard, 2024 Revision, Chapter 5.155 states – Each audit organization conducting engagements in accordance with GAGAS must obtain an external peer review conducted by reviewers independent of the audit organization being reviewed.
- b. GAGAS Standard, 2024 Revision, Chapter 5.174 further states – Because information in peer review reports may be relevant to decisions on procuring audit services, an audit organization seeking to enter into a contract to conduct an engagement in accordance with GAGAS should provide its “most recent peer review report” to the party contracting for such services when requested.

The PET deemed that all four proposals met the Phase I Minimum Qualifications Requirements and continued with the Phase II Weighted Evaluation based on the following criteria:

- | | |
|---|-----|
| • Qualifications of the Prime Contractor/Team | 20% |
| • Qualifications of Proposed Key Personnel | 20% |
| • Understanding and Approach to the Work | 30% |
| • Price | 30% |

Several factors were considered when developing these weights, giving the greatest importance to understanding and approach to the work and price.

The PET determined that all four firms were within the competitive range. On December 22, 2026, the PET completed its evaluation and determined Vasquez & Company LLP to be the highest ranked firm for Package A and Simpson and Simpson LLP for Package B as the second highest ranked firm due to the RFP cap, which limits the number of contracts to one per package.

Qualifications Summary of Firms within the Competitive Range:

Vasquez & Company LLP

Vasquez & Company LLP (Vasquez) has been in business for over 50 years, and provides accounting, auditing and consulting services to government entities, private sector, not-for-profit organizations and individuals. The proposed team has supported many transportation agencies such as Alameda Corridor East Construction Authority, Foothill Transit, Southern California Regional Rail Authority (Metrolink), San Joaquin Regional Transit Agency, Santa Barbara Metropolitan Transit, Omnitrans, Morongo Basin Transit, Victor Valley Transit, and SunLine Transit. Vasquez’s proposed lead audit partner has extensive experience within the transportation industry with 25 years of public accounting experience. Vasquez’ audit experience includes audit and advisory services to local municipalities, successor agencies to redevelopment agencies, water districts, transportation authorities, joint power authorities and airports. The firm is experienced in financial statement audits, uniform guidance audits, benefit plan audits and FAR compliance.

Simpson and Simpson LLP

Simpson and Simpson LLP, established in 1976, is a firm of Certified Public Accountants specializing in comprehensive annual financial reports, financial statement audits, audits of state and local governments, audits of non-profit organizations, performance audits, agreed upon procedures, compliance audits, single audits, and pension plans. Simpson and Simpson has supported many government agencies within California, such as County of Los Angeles Beaches and Harbors, Los Angeles Unified School District, and Los Angeles Department of Water & Power. Simpson and Simpson LLP's lead partner has over 20 years of governmental and nonprofit audit experience.

ASM LLP

ASM LLP has been in business since 2023 with experience and expertise in managing large-scale financial and compliance audits under the Transportation Development Act (TDA) and related attestation engagements. ASM LLP has served local government and regional transportation clients such as Ventura County Transportation Commission (VCTC), Riverside County Transportation Commission (RCTC), San Bernardino County Transportation Authority (SBCTA), San Diego Association of Governments (SANDAG), and Orange County Transportation Authority (OCTA).

BCA Watson Rice LLP

BCA Watson Rice LLP (BCAWR) has been in business for over 30 years and specializes in the field of accounting, providing financial, compliance and performance audit, consulting, and contract audit services to the transportation industry. BCAWR transit clients include OCTA, RCTC, Metrolink, Alameda Corridor Transportation Authority, VCTC, SBCTA, Bay Area Rapid Transit District (BART), and Metro.

A summary of the PET scores for Package A is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Vasquez & Company LLP				
3	Qualifications of the Prime Contractor/Team	94.45	20.00%	18.89	
4	Qualifications of Proposed Key Personnel	94.45	20.00%	18.89	
5	Understanding and Approach to the Work	93.33	30.00%	28.00	
6	Price	98.67	30.00%	29.60	
7	Total		100.00%	95.38	1

8	Simpson and Simpson LLP				
9	Qualifications of the Prime Contractor/Team	96.67	20.00%	19.33	
10	Qualifications of Proposed Key Personnel	94.45	20.00%	18.89	
11	Understanding and Approach to the Work	96.11	30.00%	28.83	
12	Price	83.80	30.00%	25.14	
13	Total		100.00%	92.19	2
14	ASM LLP				
15	Qualifications of the Prime Contractor/Team	74.45	20.00%	14.89	
16	Qualifications of Proposed Key Personnel	72.22	20.00%	14.44	
17	Understanding and Approach to the Work	90.56	30.00%	27.17	
18	Price	100.00	30.00%	30.00	
19	Total		100.00%	86.50	3
20	BCA Watson Rice LLP				
21	Qualifications of the Prime Contractor/Team	90.00	20.00%	18.00	
22	Qualifications of Proposed Key Personnel	93.34	20.00%	18.67	
23	Understanding and Approach to the Work	60.56	30.00%	18.17	
24	Price	98.30	30.00%	29.49	
25	Total		100.00%	84.33	4

A summary of the PET scores for Package B is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Vasquez & Company LLP				
3	Qualifications of the Prime Contractor/Team	93.34	20.00%	18.67	
4	Qualifications of Proposed Key Personnel	94.45	20.00%	18.89	
5	Understanding and Approach to the Work	95.00	30.00%	28.50	
6	Price	89.23	30.00%	26.77	
7	Total		100.00%	92.83	1
8	Simpson and Simpson LLP				
9	Qualifications of the Prime Contractor/Team	97.22	20.00%	19.44	
10	Qualifications of Proposed Key Personnel	94.45	20.00%	18.89	

11	Understanding and Approach to the Work	97.78	30.00%	29.33	
12	Price	78.00	30.00%	23.40	
13	Total		100.00%	91.06	2
14	ASM LLP				
15	Qualifications of the Prime Contractor/Team	74.45	20.00%	14.89	
16	Qualifications of Proposed Key Personnel	72.22	20.00%	14.44	
17	Understanding and Approach to the Work	90.56	30.00%	27.17	
18	Price	100.00	30.00%	30.00	
19	Total		100.00%	86.50	3
20	BCA Watson Rice LLP				
21	Qualifications of the Prime Contractor/Team	90.00	20.00%	18.00	
22	Qualifications of Proposed Key Personnel	93.34	20.00%	18.67	
23	Understanding and Approach to the Work	60.56	30.00%	18.17	
24	Price	88.90	30.00%	26.67	
25	Total		100.00%	81.51	4

C. Price Analysis

The recommended price has been determined to be fair and reasonable based upon an Independent Cost Estimate (ICE), price analysis, technical evaluation, fact-finding, and negotiations.

Package A

	Proposer Name	Proposal Amount	Metro ICE	Recommended Amount
1.	Vasquez & Company LLP	\$2,715,634	\$4,324,204	\$2,715,634
2.	Simpson and Simpson LLP	\$3,198,000		
3.	ASM LLP	\$2,679,686		
4.	BCA Watson Rice LLP	\$2,725,751		

Package B

	Proposer Name	Proposal Amount	Metro ICE	Recommended Amount
1.	Simpson and Simpson LLP	\$3,442,900	\$4,424,204	\$3,121,225
2.	Vasquez & Company LLP	\$3,009,025		
3.	ASM LLP	\$2,684,971		
4.	BCA Watson Rice LLP	\$3,020,561		

The variance between the ICE and the recommended amounts for both Packages is attributable to utilizing high-end labor rates for large-sized accounting firms.

D. Background on Recommended Contractor

Vasquez & Company LLP

Vasquez & Company LLP, based in Glendale, California, is a full-service Certified Public Accounting firm. The proposed Lead Partner has over 25 years of public accounting experience, centered on the public transportation industry, which includes the Alameda Corridor East Construction Authority, Foothill Transit, Metrolink, San Joaquin Regional Transit Agency, Santa Barbara Metropolitan Transit, Omnitrans, Morongo Basin Transit, Victor Valley Transit, and SunLine Transit.

Vasquez & Company LLP has provided consolidated audit services to Metro and performance has been satisfactory.

Simpson and Simpson LLP

Simpson and Simpson LLP, located in Los Angeles, provides consolidated audit services. The proposed Lead Partner has over 20 years of public accounting experience in the public transportation industry currently serving as the Engagement Partner on several major government and federally funded audits, including the Los Angeles County Workforce Development, Aging and Community Services, the Los Angeles County Departments of Public Health, Auditor-Controller, and Probation, and the Los Angeles Unified School District.

Simpson and Simpson LLP has provided consolidated audit services to Metro and performance has been satisfactory.

DEOD SUMMARY**FY2026-FY2030 CONSOLIDATED AUDIT
PS135819000 / PS135819001****A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 33% Disadvantaged Business Enterprise (DBE) goal for this procurement. However, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals and enforcement, effective October 3, 2025. Metro is currently reviewing the Interim Final Rule (IFR) to identify necessary program and procedural changes to ensure full compliance. While the DBE commitment is not a factor in the staff recommendation, Vasquez & Company LLP, under Package A, listed one certified small business as a subcontractor.

B. Local Small Business Enterprise (LSBE) Preference Program

The LSBE preference is not applicable to federally funded procurements. Federal law (49 CFR § 661.21) prohibits the use of local procurement preferences on FTA-funded projects.

C. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

D. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

E. Project Labor Agreement/Construction Careers Policy (PLA/CCP)

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

F. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least \$50 million.



FY2026-30
Consolidated Audit
Contract Award

Finance, Budget and Audit Committee
April 16, 2026

Kimberly Houston, Deputy Chief Auditor
Lauren Choi, Senior Director, Audit

Recommendation

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a five-year, firm fixed unit rate Contract No. PS135819000 to Vasquez & Company LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment A (Package A) for fiscal years (FY) 2026-2030 in the Not-To-Exceed (NTE) amount of \$2,715,634, effective May 1, 2026, subject to the resolution of any properly submitted protest(s) if any; and
- B. AWARD a five-year, firm fixed unit rate Contract No. PS135819001 to Simpson and Simpson LLP to perform Consolidated Financial and Compliance Audit of the programs, jurisdictions, and agencies listed in Attachment B (Package B) for FY2026-2030 in the Not-To-Exceed (NTE) amount of \$3,121,225, effective May 1, 2026, subject to the resolution of any properly submitted protest(s), if any.

Issue



Metro is required to have an independent auditor perform financial and compliance audits.



Audits provide reasonable assurance that recipients of subsidies are in compliance with the statutes of each applicable funding source.



Audits will be conducted in accordance with generally accepted government auditing standards and will meet the American Institute of Certified Public Accountants' Standards.



The current contracts expire June 30, 2026.

Background

Metro allocates over \$1.2 billion annually to the stated programs and distributes them to the 88 cities (Cities), as well as the County of Los Angeles, and other agencies.

The consolidated audit process includes financial and compliance audits of the following programs:

- Local Funding Program to the 88 cities and Unincorporated Los Angeles County, including Proposition A&C, Measure R, and Measure M
- Transit System Funds
- Proposition A Growth Over Inflation Funds
- EZ Transit Pass Program
- SB125 Zero Emission Transit Capital Program
- LADOT Operating Data (Proposition A Incentive Programs)
- LIFE
- Metrolink Program
- Access Services

Discussion

- Contracts are divided into two geographically based packages,
 - Award limited to one package per firm to preserve auditor independence and ensure adequate coverage.
- In accordance with AB 1345, a local agency may not employ a public accounting firm whose lead audit partner has performed audit services for that agency for six consecutive fiscal years.
 - Consistent with this requirement and to further maintain independence, MAS has implemented a 5-year rotation rule for engagement partners for all external auditors.

Questions