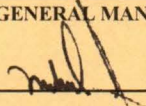
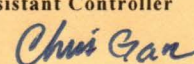
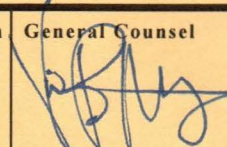
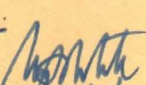
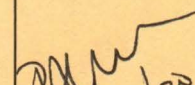




EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:  5/6/2020		GENERAL MANAGER ACTION REQ'D:		
DATE: 4/30/2020		BOARD INITIATED ITEM: Yes		
Originator/Prepared by: Christopher Gan Dept: Assistant Controller  Signature/Date: 5/4/2020	General Counsel  5/4/20 []	Controller/Treasurer  5/5/2020 []	District Secretary []	BARC  5/6/20 []

Authority to Extend the Agreement 6M2049 through Fiscal Year 2020 with Macias, Gini & Connell LLP for External Audit Services

PURPOSE:

To authorize the General Manager or his designee to execute an amendment to Agreement 6M2049 with Macias, Gini & O'Connell LLP for external audit services. The amendment would extend the term of the agreement for an additional one year. This extension is necessary to provide BART with the necessary required external audit services for fiscal year 2020.

DISCUSSION:

The San Francisco Bay Area Rapid Transit District Act (California Public Utilities Code Section 28769) requires that an annual audit be made of all books and accounts of the District by an independent certified public accountant. In addition, as a recipient of federal, state, and local grants, the District is also required to submit annually, in addition to the annual audited financial statements, other financial reports such as the National Transit Database Report, The Single Audit Report, Transit Development Act Report, Measure B and BB, and other compliance reports, which are required to be audited in order to comply with funding agreements.

Agreement 6M2049 was awarded to Macias, Gini & O'Connell LLP (MGO) for external audit services for the fiscal years 2015 through 2019. In early January 2020, request for proposal (RFP) covering audit services for fiscal year 2020 through fiscal year 2024 was initiated. Unfortunately, due to the shelter in place order instituted in early March 2020 in the

San Francisco Bay Area due to COVID-19, the processing of the RFP was delayed. The award of the new agreement based on the timeline of the current RFP is projected to occur in July 2020. This date will be beyond the typical timeline needed for the auditors to conduct an interim audit, which is typically done prior to year end. An interim audit is generally conducted for the purpose of gaining an early understanding of any relevant events or significant changes that have occurred during the fiscal year subject to the audit that could have an impact on the District's financial statements. It is also performed to evaluate the District's internal control processes to assist the auditors in the planning and execution of the audit. These procedures allow the auditors to address any issues that could impact the execution of the audit that will be conducted after the end of the fiscal year. It is therefore recommended that the current agreement for audit services with MGO be extended for another year to allow sufficient time for the auditors to conduct their audit and to ensure compliance by the District with the required annual audit of it books for fiscal year 2020.

FISCAL IMPACT:

The Maximum compensation for the one-year extension, shown on the table below, to cover the audits for fiscal year 2020 was determined based on audit fees paid for fiscal year 2019, adjusted by increased in the consumer price index in 2019.

	Amount
BART	\$ 166,813
RHBT	16,735
Other OPEB	16,735
CCJPA	44,261
Total	\$ 244,544

Funding for the District and for the Other OPEB's audits for FY 2020 is included in the adopted operating budget of the Controller-Treasurer's Office. The audit fees for the RHBT and CCJPA will be paid by RHBT and CCJPA.

ALTERNATIVES:

Annual audit of the District's books and records is a legal requirement and is also necessary to comply with reporting requirements imposed by various government agencies, which provides fund to the District. The annual audit of the RHBT is required under the

Agreement and Declaration of Trust approved by the Board in 2004. The annual audit of CCJPA is required per Fund Transfer Agreement between CCJPA and the State of California, Department of Transportation. The District could decide not to extend the agreement with MGO for another year and move forward with the current RFP to cover audits for fiscal year 2020 through fiscal year 2024. However due to anticipated delay in the award of the new agreement, the execution of the audit for fiscal year 2020 might be impacted and could delay the issuances of required audited reports.

RECOMMENDATION:

That the Board adopts the following motion.

MOTION:

That the General Manager be authorized to extend Agreement No. 6M2049 to Macias, Gini & O'Connell LLP for another year to provide independent audit services for fiscal year 2020 to the District, RHBT and CCJPA for a total maximum compensation of \$244,544.