



## EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Milind</i> 4/2/2021		GENERAL MANAGER ACTION REQ'D:		
DATE: 4/1/2021		BOARD INITIATED ITEM: No		
Originator/Prepared by: Pen Romero Dept: General Accounting <i>Chris Gan</i> Signature/Date: 4/1/21	General Counsel <i>Manu Henry</i> 4/2/21 [ ]	Controller/Treasurer <i>Chris Gan</i> 4/1/21 [ ]	District Secretary <i>[Signature]</i> [ ]	BARC <i>[Signature]</i> 4/1/21 [ ]

### Award Agreement No. 6M2075 for Independent Audit Services FY 2021-2025

#### PURPOSE:

Request the Board to authorize the Controller/Treasurer to award Agreement No. 6M2075 for Independent Audit Services to Crowe LLP for a five-year period from fiscal year 2021 to fiscal year 2025.

#### 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, Proposition 1B, Measure B, BB and other compliance reports, which are required to be audited in order to comply with funding agreements or District requirement.

On December 30, 2020 the RFP documents for Agreement No. 6M2075 were advertised in several Bay Area publications. Advance notices were sent to prospective and past Certified Public Accounting Firms. A pre-submittal meeting was held on January 19, 2021 and attended by eleven (11) prospective firms via Zoom.

The scope of the RFP requires an audit of the basic financial statements of the District, the Retiree Health Benefit Trust (RHBT), the Other Post Employment Benefit Trust (Other



OPEB), and for the Capitol Corridor Joint Powers Authority (CCJPA). It also includes all other audits that were identified in the RFP required by government agencies, which provides grant funds to the District.

On March 9, 2021, five (5) proposals were accepted from the following firms:

1. Crowe LLP, San Francisco, CA ("Crowe")
2. Macias Gini & O'Connell LLP, Walnut Creek, CA ("MGO")
3. Eide Bailly LLP, Menlo Park CA ("Eide Bailly")
4. Moss Adams LLP, San Francisco, CA ("Moss Adams")
5. BDO USA, LLP, San Francisco, CA ("BDO")

The submittals were first reviewed for responsiveness to the requirements of the RFP. The proposals were then reviewed by a Technical Evaluation Committee (Evaluation Committee) consisting of staff from the Office of Civil Rights, Performance and Audit, Office of the Inspector General, Grants Management and Finance Department. The proposals were evaluated and scored on the basis of the criteria contained in the RFP with respect to technical qualifications of the proposing firms and key personnel, and depth of resources and experience in the audits required in the RFP. Scores were tabulated and forwarded to the Audit Committee for the next steps on the selection process. The Audit Committee conducted an oral interview of the five proposers on March 30, 2021. Based on the oral and written evaluations, the five proposers' scores were ranked and it was determined that Crowe LLP received the highest overall scores.

The Audit Committee evaluated the proposals using the best value methodology. Under this approach, the District evaluates not only the price of the proposals submitted, but also other criteria which when assessed together, identifies the proposer that best meets the District's needs. Based on the best value analysis, the Audit Committee unanimously determined that Crowe LLP offered the best overall value to the District.

Pursuant to the District's Non-Federal Small Business Program, the Office of Civil Rights set a 5% Small Business Prime Preference for this Agreement for Small Businesses certified by the California Department of General Services (DGS). It was determined that there were no certified Small Businesses certified by the DGS among the responsive Proposers and, therefore, the Small Business Prime Preference is not applicable.

Pursuant to the District's Non-Discrimination Program for Subcontracting, the Availability Percentages for this Agreement are 5.5% for Minority Business Enterprises ("MBEs") and 2.8% for Women Business Enterprises ("WBEs"). The Office of Civil Rights has determined that Crowe LLP has exceeded both the MBE and WBE Availability Percentages.



for this Agreement at 50% for MBEs and 50% for WBEs.

### FISCAL IMPACT:

The maximum compensation for this agreement by fiscal year is as follows:

			BART	RHBT	Other OPEB	CCJPA	Total
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	FY 2021		\$160,500	\$17,900	\$17,900	\$40,600	\$236,900
	FY 2022		\$175,190	\$18,310	\$18,310	\$41,540	\$253,350
	FY 2023		\$167,970	\$18,730	\$18,730	\$42,500	\$247,930
	FY 2024		\$171,830	\$19,160	\$19,160	\$43,470	\$253,620
	FY 2025		\$175,780	\$19,600	\$19,600	\$44,470	\$259,450
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	Total		\$851,270	\$93,700	\$93,700	\$212,580	\$1,251,250
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Funding for the District and for the OPEB's audits for FY 2021 is included in the adopted operating budget of the Controller-Treasurer's Office under account 681300, Department 0303310. Funding for each subsequent year will be included in the future operating budgets of the Controller-Treasurer's Office, subject to board approval. 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 reject the proposals and re-solicit new proposals, which most likely will generate the same response from the same accounting firms.

**RECOMMENDATION:**

That the Board adopts the following motion:

**MOTION:**

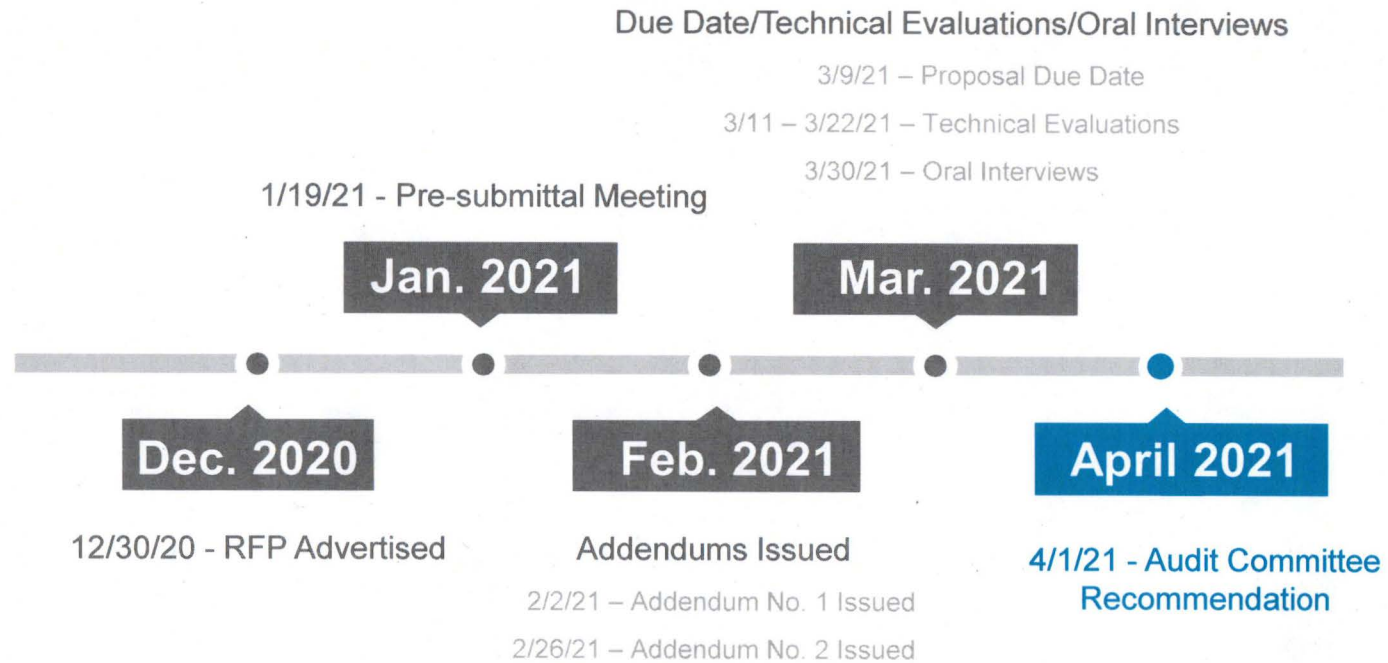
That the Controller-Treasurer be authorized to award Agreement No. 6M2075 to Crowe LLP to provide independent audit services to the District, RHBT, Other OPEB and CCJPA for an amount not to exceed \$1,251,250 for a five-year period from FY 2021-2025.



# Overview

- Recommended Firm: Crowe, LLP
- Duration of Contract: 5 years
- Point of Contact: Assistant Controller-Treasurer
- Firm will report directly to the Audit Committee

# RFP Timeline



# Summary of Audits to be Performed

- Audit of Financial Statements – BART, RHBT, other OPEB and CCJPA
- Single Audit – BART
- National Transit Database Report Audit – BART
- PTMISEA Proposition 1 B Audit – BART
- Measure B and Measure BB Audit – BART
- Transportation Development Act Audit – BART
- Audit of Board of Directors' Travel Expenses – BART
- SB1 Compliance Audit - CCJPA



# Total Scores & Cost

Proposer's Name	Total Score=0.65(Technical) + 0.35(Oral)	Price
Crowe, LLP	$=0.65(210.0) + 0.35(126.67) = 180.83$	\$1,251,250.00
Macias Gini & O'Connell, LLP	$=0.65(213.8) + 0.35(78.33) = 166.39$	\$1,424,935.00
Eide Bailly, LLP	$=0.65(200.6) + 0.35(101.67) = 165.97$	\$1,198,750.00
Moss Adams, LLP	$=0.65(172.2) + 0.35(112.33) = 151.25$	\$1,946,261.00
BDO USA, LLP	$=0.65(137.4) + 0.35(91.67) = 121.39$	\$1,351,097.00