Board Report

File #: 2021-0594, **File Type:** Contract **Agenda Number:** 15.

FINANCE, BUDGET, AND AUDIT COMMITTEE
OCTOBER 20, 2021

SUBJECT: AUDIT SERVICES BENCH AMENDMENT

ACTION: APPROVE CONTRACT MODIFICATION

RECOMMENDATION

CONSIDER:

A. AUTHORIZING the Chief Executive Officer to execute Modification No. 4 to Contract Nos. PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 to exercise the second, one-year option, extending the contract term from January 1, 2022 to December 31, 2022; and increasing the total authorized not-to-exceed amount by $2,288,000 from $9,152,000 to $11,440,000; and

B. AWARDING AND EXECUTING task orders for an aggregate not-to-exceed amount of $11,440,000.

ISSUE

In May 2017, Metro Board of Directors (Board) 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 staffing augmentation support as-needed; and provides supports for specialized audits.

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

DISCUSSION

MAS is required to comply with Generally Accepted Government Auditing Standards (GAGAS). 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 projects, including 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, grant audits such as State Transportation Improvement Program including financial, compliance and external audits of subrecipients, Metro, and others.

To date, a total of 66 task orders have been issued against the Bench, for a cumulative total value of $6,636,575.04, or 72.5% of the total not to exceed amount of $9,152,000 for the initial 3-year base term and first year option. Currently, 11 of the 16 firms on the Bench are certified as disadvantage business enterprises (DBE) and small business enterprises (SBE) and task orders have been awarded to the firms in a cumulative amount of $4,873,075.50 or 73.4% of the total awarded value. A list of the awarded task orders is provided as Attachment D.

DETERMINATION OF SAFETY IMPACT

The recommendation does not impact the safety of Metro employees, passengers and/or customers.

EQUITY PLATFORM

Metro is committed to small business successes and strives to provide a direct route for small businesses to work and grow with Metro. The Bench contract consists of 16 firms, 11 of which are SBEs, which supports Metro's Small Business (SB) Prime Program by providing opportunities for small businesses to perform work with Metro.

Work under the bench is authorized through the issuance of individual task orders. Task orders are competed among firms under the bench subject to the Small Business (SB) Prime (Set-Aside) Program requirements.

To date, sixty-six (66) Task Orders have been awarded to ten (10) out of the 16 primes on the bench. Sixty-one (61) of the Task Orders were awarded to self-performing SB Primes (Set-Aside). Task orders have been primarily awarded to the DBE and SBE firms. Each bench participant exceeded the 27% SBE and 30% DBE commitment (currently 70.2% SBE and 89.1% DBE participation). Please refer to Attachment E for additional details

FINANCIAL IMPACT

Funding for FY22 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 the specific project. Recognizing the Bench option will continue into FY2023, the cost center manager(s) will be accountable for budgeting future costs.

Impact to Budget

The funding for the 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 specialized 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. Furthermore, 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 this would prolong the procurement process making it difficult to complete time-sensitive audits within the planned timeframe.

NEXT STEPS

Upon approval by the Board, staff will execute Contract Modification No. 4 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

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Chief Executive Officer

PROCUREMENT SUMMARY

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

1.	**Contract Number**: PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018			
2.	**Contractor**: See Attachment C			
3.	**Mod. Work Description**: Exercise the second, one-year option			
4.	**Contract Work Description**: To provide audit services			
5.	**The following data is current as of**: 9/1/21			
6.	**Contract Completion Status**		**Financial Status**	
	Contract Awarded:	5/17/17	**Contract Award Amount:**	$6,864,000
	Notice to Proceed (NTP):	N/A	**Total of Modifications Approved:**	$2,288,000
	Original Complete Date:	6/30/20	**Pending Modifications (including this action):**	$2,288,000
	Current Est. Complete Date:	12/31/21	**Current Contract Value (with this action):**	$11,440,000
7.	**Contract Administrator**: Antonio Monreal		**Telephone Number**: (213) 922-4679	
8.	**Project Manager**: Monica Del Toro		**Telephone Number**: (213) 922-7494	

A. Procurement Background

This Board Action is to approve Contract Modification No. 4 to the Audit Services Bench Contract Numbers PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, and PS36627011 through PS36627018 to exercise the second, one-year option to continue to perform audit services, which increases the total cumulative not-to-exceed amount by $2,288,000 and extends the contract term to December 31, 2022.

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 services 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, 2021.

Refer to Attachment B – Contract Modification/Change Order Log.

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	6/17/2020	$0
3	Exercise Option 1	Approved	10/22/2020	$2,288,000
4	**Exercise Option 2**	**Pending**	**Pending**	$2,288,000
	Modification Total:			**$4,576,000**
	Original Contract:			**$6,864,000**
	Total:			**$11,440,000**

ATTACHMENT C – FIRMS ON THE AUDIT SERVICES BENCH

Contract No.	Consultant	Certifications
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

DBE / SBE Awards (Table 1 of 2)			
Contract No.	**Company Name**	**Task Orders Awarded to Date**	**Task Order Award Amount**
PS36627000	BCA Watson Rice, LLP	24	$1,877,046
PS36627002	Chung & Chung Accountancy Corporation, CPAS	0	$0
PS36627003	Conrad, LLP	0	$0
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
PS36627012	RTJ CPA, P.C.	0	$0
PS36627014	Susan Hum, CPA	1	$71,808
PS36627015	Talson Solutions, LLC.	4	$463,247
PS36627017	Tap International, Inc.	1	$20,000
Total Awarded Task Order Subtotal		61	$4,873,075.50
Total Task Order Value			

Non-DBE / SBE Awards (Table 2 of 2)			
Contract No.	**Company Name**	**Task Orders Awarded to Date**	**Task Order Award Amount**
PS36627001	Choi Hong Lee & Kang, LLP	0	$0
PS36627009	MACIAS, Gini & Co.	0	$0
PS36627013	Simpson & Simpson CPAS	4	$1,734,840
PS36627016	David M. Lewis Company, LLC.	0	$0
PS36627018	Vasquez and Company, LLP.	1	$28,659.54
Total Awarded Task Order Subtotal		5	$1,763,499.54
		Total Task Order Value	

Total Task Orders Awarded (Tables 1 and 2)	66	**Amount Awarded**
DBE / SBE Task Order Value (Table 1)		$4,873,075.50
Non DBE / SBE Task Order Value (Table 2)		$1,763,499.54
Total Task Order Value		$6,636,575.04

DEOD SUMMARY

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

A. Small Business Participation

Each bench participant committed to meet or exceed the 27% SBE / 3% DVBE or 30% DBE goals for the project. The Audit Services Bench is subject to the Small Business (SB) Prime (Set-Aside) Program requirements. Eleven of the sixteen 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-six (66) Task Orders have been awarded to ten (10) primes on the bench. Sixty (60) Task Orders that were non-federally funded fell within the set-aside threshold, and given there were at least 3 (three) certified SBEs on the bench, were awarded to self-performing SBE Primes. One (1) Task Order was a federally funded set-aside and awarded to an SB Prime that is also DBE certified. In compliance with the Board-approved SB Prime (Set-Aside) Program policy, Task Orders that are set-aside shall not be subject to the SBE/DVBE Program. Five (5) non-federally funded Task Orders were awarded to non-certified primes that did not make an SBE/DVBE commitment. Based on payments to-date, the contract is 76.14% complete and the current level of participation is 70.15% SBE, 89.11% DBE and 0% DVBE.

Metro Project Managers and Contract Administrators will continue to work in conjunction with DEOD to monitor SBE/DVBE and DBE commitments via the web-based tracking system to ensure that they are met or exceeded by Task Order completion.

Small Business Commitment	**27% SBE 3% DVBE 30% DBE**	**Small Business Participation**	**70.15% SBE 0% DVBE 89.11% DBE**

	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)	89.11%	97.55%	-
	Total	89.11%	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

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

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

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.