Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2022-0641, **File Type:** Contract **Agenda Number:** 13.

FINANCE, BUDGET, AND AUDIT COMMITTEE
OCTOBER 19, 2022

SUBJECT: AUDIT SERVICES BENCH

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. AWARD eight (8) task order-based bench Contract Nos. PS86611000 through PS86611007, for Audit Support Services to the firms listed below, for a total not-to-exceed amount of $7,142,240 for the initial three-year base term, plus $2,476,605 for the first, one-year option and $2,526,140 for the second, one-year option for a total not-to-exceed cumulative amount of $12,144,985, effective January 1, 2023, subject to resolution of protest(s), if any; and

Discipline 1: Staff Augmentation

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. Talson Solutions, LLC
5. TAP International, Inc.
6. The Lopez Group, LLP
7. Vasquez & Company, LLP

B. EXECUTE or DELEGATE the execution of Task Orders under these contracts within the approved not-to-exceed cumulative value of $12,144,985.

ISSUE

Management Audit Services Department (Management Audit) has a recurring need for consulting and assurance services

provided by certified public accounting (CPA) firms and other specialty firms. They provide consulting services relating to a broad range of audits and reviews, including: complete the Board approved annual audit plan, assist with management requested assignments, support fluctuating workload requirements, and conduct large and/or complex audits. The multiple award agreement (bench) is necessary for two primary reasons: to provide specialized expertise and to augment staff.

Staff recommends awarding contracts to eight (8) firms to serve this bench contract under two disciplines: Staff Augmentation and Subject Matter Expertise. These services will be performed on an as-needed basis for which task orders will be issued.

DISCUSSION

Metro is required to comply with Generally Accepted Government Auditing Standards (GAGAS). GAGAS has a due professional care standard which requires Management Audit 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 when a sudden influx of time sensitive audits exceeds available resources. Outsourcing can be used depending on the complexity of the audit, if the specialized skillset is not available in-house or independence is required by laws and regulations including the Measure M annual financial and compliance audits. Audits that normally fall under this requirement include information technology audits and specialized audits such as construction projects and processes including cost estimating.

Since this is a multiple award agreement, no firm has been guaranteed any work. The recommended not to exceed amount of $12,144,985 is estimated for work needed in the next three years and two, one-year options. The projected services are based upon historical work outsourced for audit services and identified for outsourcing in the FY23 audit plan, in addition to utilization of the bench by other departments.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Management Audit has requested $502,506 for this agreement in the proposed mid-year FY23 budget in cost center 2510 - Management Audit, under project 100001 - General Overhead. Since this is a multi-year agreement, the cost center managers and other Executive Officers will be accountable for budgeting future costs.

Impact to Budget

The source of funds for Project 100001 is General Overhead funds, comprised of Federal, State and local funds. This fund is eligible for bus and rail operating costs.

EQUITY PLATFORM

The Audit Services Bench contracts provide business opportunities for eight firms. The Diversity and Economic Opportunity Department (DEOD) established a 30% Disadvantaged Business Enterprise (DBE), 27% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. All Primes met or exceeded the DBE/SBE/DVBE goals.

To ensure maximum opportunity for participation in this contract, this solicitation was advertised through periodicals of general circulation, posted on Metro's Vendor Portal, and an e-mail notice to

SBE firms with applicable NAICS codes. The Proposal Evaluation Team (PET) was diverse and comprised of different department personnel with various backgrounds to comprehensively evaluate proposers and subconsultants to determine the most qualified teams.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support the Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization as the Audit Services Bench will allow the MAS to conduct specialized and time sensitive audits in a responsive manner in support of the agency's projects, programs, and initiatives.

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 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 Board approval, staff will execute the bench contracts.

ATTACHMENT

A. Procurement Summary
B. List of Recommended Contractors
C. DEOD Summary

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Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A

PROCUREMENT SUMMARY

AUDIT SERVICES BENCH / PS86611000 - PS86611007

1.	**Contract Number**: PS86611000 through PS86611007	
2.	**Recommended Vendors**: See Attachment B	
3.	**Type of Procurement (check one):** ☐ **IFB** ☒ **RFP** ☐ **RFP–A&E** ☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order**	
4.	**Procurement Dates**:	
	A. Issued: April 29, 2022	
	B. Advertised/Publicized: April 29, 2022	
	C. Pre-Proposal Conference: May 10, 2022	
	D. Proposals Due: June 9, 2022	
	E. Pre-Qualification Completed: September 19, 2022	
	F. Conflict of Interest Form Submitted to Ethics: July 7, 2022	
	G. Protest Period End Date: October 24, 2022	
5.	**Solicitations Picked up/Downloaded**: 41	**Bids/Proposals Received**: 13
6.	**Contract Administrator**: **Antonio Monreal**	**Telephone Number**: **(213) 922-4679**
7.	**Project Manager**: **Monica Del Toro**	**Telephone Number**: **(213) 922-7494**

A. Procurement Background

This Board Action is to establish the audit services bench contracts for a five-year term, inclusive of a three-year base term and two, one-year option terms. The contracts shall be effective January 1, 2023, with a cumulative total amount not-to-exceed $12,144,985. The bench is intended to provide audit services involving two disciplines: (1) staff augmentation and (2) subject matter expertise services. Board approval of contract award is subject to resolution of any properly submitted protest.

Audit services shall be performed on an “as-needed” basis and work shall be authorized through the issuance of task orders for either staff augmentation or subject matter expertise.

On April 29, 2022, Request for Proposals (RFP) No. PS86611 was issued as a competitive procurement in accordance with Metro’s Acquisition Policy and the contract type is a firm-fixed unit rate.

A virtual pre-proposal conference was held on May 10, 2022. Seven questions were received, and Metro provided responses prior to the proposal due date.

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

- Amendment No. 1, issued on May 27, 2022, extended the proposal due date.

A total of 41 firms downloaded the RFP and were included on Metro's planholders' list. A total of 13 proposals from eight firms were received by the due date of June 9, 2022, and are listed below in alphabetical order, per discipline:

Discipline 1: Staff Augmentation
1. BCA Watson Rice Western Region, LLP
2. Qiu Accountancy Corporation
3. Simpson & Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise
1. BCA Watson Rice Western Region, LLP
2. CPC Financial Services
3. Qiu Accountancy Corporation
4. Simpson & Simpson, LLP
5. Talson Solutions, LLC
6. TAP International, Inc
7. The Lopez Group, LLP
8. Vasquez & Company LLP

B. Evaluation of Proposals

Discipline 1: Staff Augmentation

A Proposal Evaluation Team (PET) consisting of staff from Management Audit Services and Office of Inspector General was convened and conducted a comprehensive technical evaluation of the proposals received. The proposals were evaluated based on the following:

Phase I Evaluation – Minimum Qualification Review: This is a pass/fail criteria. The criteria focused on the proposer's license to practice public accounting in California and experience in providing auditing and accounting services, and the Prime contractor's compliance with Generally Accepted Government Auditing Standards (GAGAS) within the last three years as determined through latest Peer Review Reports.

On July 6, 2022, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms, and take receipt of the five proposals to initiate the evaluation phase.

On July 29, 2022, the PET reconvened and determined that all proposals received met the minimum qualification requirements and proceeded with Phase II- Technical Evaluation based on the following criteria and weights:

- Proposer's Qualifications and Experience 20 percent

- Management Plan and Understanding of Work 30 percent
- Experience and Qualifications of Key Personnel 30 percent
- Cost Proposal 20 percent

The evaluation criteria are appropriate and consistent with criteria developed for similar audit services. Several factors were considered in developing these weights, giving the greatest importance to management plan and understanding of work and experience and qualifications of key personnel.

Evaluations were conducted from July 6, 2022, through July 29, 2022. At the conclusion of the evaluations, the PET determined that all five firms met the competitive range and were determined to be responsive, responsible, and qualified to perform the services based on the RFP's requirements. The five firms are listed below in alphabetical order.

1. BCA Watson Rice Western Region, LLP
2. Qiu Accountancy Corporation
3. Simpson & Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise

A Proposal Evaluation Team (PET) consisting of staff from Management Audit Services and Office of Inspector General was convened and conducted a comprehensive technical evaluation of the proposals received.

Proposals were evaluated based on the following criteria stated in the RFP:

- Proposer's Qualifications and Experience 50 percent
- Experience and Qualifications of Key Personnel 20 percent
- Management Plan and Understanding of Work 30 percent

The evaluation criteria are appropriate and consistent with criteria developed for similar services. Several factors were considered in developing these weights, giving the greatest importance to Proposer's qualification and experience.

On July 6, 2022, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms, and take receipt of the eight proposals to initiate the evaluation phase. Evaluations were conducted from July 6, 2022, through August 17, 2022.

On August 17, the PET reconvened and determined that of the eight proposals received, one firm was outside of the competitive range and was not included for further consideration. The seven firms within the competitive range are listed below in alphabetical order.

1. BCA Watson Rice Western Region, LLP
2. Qiu Accountancy Corporation
3. Simpson & Simpson, LLP
4. Talson Solutions, LLC
5. TAP International, Inc
6. The Lopez Group, LLP
7. Vasquez & Company LLP

Following the conclusion of the evaluations for both disciplines, staff conducted negotiations and fact finding for various cost elements with all of the recommended firms.

C. Cost/Price Analysis

Each proposer submitted fully burdened hourly rates for labor classifications necessary to perform staff augmentation and subject matter expertise services, respectively. The negotiated rates have been determined to be fair and reasonable based on price analysis, cost analysis, technical evaluation, fact-finding, and negotiations.

Work for this Bench Contract will be authorized through the issuance of individual task orders. Task orders for each discipline will contain a specific scope of service and will be competed among the firms on the bench.

D. Background on Recommended Contractors

BCA Watson Rice Western Region, LLP

BCA Watson Rice Western Region, LLP (BCA) is a certified public accounting partnership formed in 2013 and is located in Torrance, CA. BCA provides performance, contract, grant and compliance audit services. BCA predominantly services state, local, regional, and federal government agencies, including Orange County Transportation Authority, Riverside County Transportation Commission, Alameda Corridor Transportation Authority and Metrolink. BCA has been on Metro's audit services bench since 2008, under the name of Thompson, Cobb, Bazilio, Inc., and performance has been satisfactory.

BCA is a Metro-certified small business enterprise.

Qiu Accountancy Corporation

Qiu Accountancy Corporation (Qiu), located in Pasadena, CA, has been providing performance, financial and compliance audits for more than 25 years. Government clients include the City of Los Angeles, County of Los Angeles and California Department of Transportation (CALTRANS). Qiu has been on Metro's audit services bench since 2001 and performance has been satisfactory.

Qiu is a Metro-certified small business enterprise.

Simpson & Simpson, LLP

Simpson & Simpson LLP (Simpson & Simpson) was founded in 1976 and is headquartered in Los Angeles, CA. It is a local public accounting firm providing auditing, accounting, management consulting, and tax services to local government and nonprofit organizations. Clients include the Los Angeles Unified School District, City of Los Angeles Department of Water and Power, and South Coast Air Quality Management District. Simpson & Simpson has been on Metro's audit services bench since 2001 and performance has been satisfactory.

Talson Solutions, LLC

Talson Solutions, LLC (Talson) is headquartered in Philadelphia, PA and has been in business for over ten years. It specializes in capital project consulting, construction audit, advisory and compliance services, and quality management and assurance reviews. Clients include Denver International Airport, Central Puget Sound Regional Transit Authority (Sound Transit), New Orleans Regional Transit Authority, and Federal Transit Administration (FTA). Talson has been on Metro's audit services bench since 2017 and performance has been satisfactory.

Talson is a disadvantaged business enterprise (DBE).

TAP Financials, LLP

TAP Financials LLP (TAP Financials), located in Pasadena, CA, was established in 2016. It is a certified public accounting company, specializing in compliance and contract auditing. Clients include City of Santa Clara Tourism Improvement District, City of Beverly Hills, Bay Area Rapid Transit District, and San Diego Gas & Electric. TAP Financials is new to Metro but its subcontractor, Tap International, Inc., has been on Metro's audit service bench since 2014 and performance has been satisfactory.

TAP Financials is a disadvantaged business enterprise (DBE).

TAP International, Inc.

TAP International, Inc (TAP International) was established in 2011 and is located in Pasadena, CA. It specializes in providing performance audits, internal audits, compliance audits, and management consulting. Clients include Metro, Santa Clara Valley Water District, City of Santa Clara, City of Pasadena, and Bay Area Rapid Transit District. TAP International has been on Metro's audit services bench since 2014 and performance has been satisfactory.

TAP International is a Metro-certified small business enterprise and a disadvantaged business enterprise (DBE).

The Lopez Group, LLP

The Lopez Group, LLP (The Lopez Group), headquartered in Temecula, CA, is a full-service accounting, auditing, tax, consulting and management firm. It brings over 65 years of public practice experience. It conducts financial audits, performance audits, attestation, staff augmentation, and consulting services. Government clients include Department of Labor, Office of Inspector General, Department of Energy, and Federal Transit Administration. The Lopez Group has been providing audit services to Metro since 1996 and performance has been satisfactory.

The Lopez Group is a Metro-certified small business enterprise.

Vasquez & Company LLP

Vasquez & Company is located in Glendale, CA and has been in business since 1969. It specializes in indirect cost rate audits, incurred cost audits, revenue, and general audit service. Clients include Alameda Corridor Transportation Authority, Los Angeles World Airports, Pomona Valley Transportation Authority, and Sunline Transit Agency. Vasquez & Company has been on Metro's audit services bench since 2003 and performance has been satisfactory.

ATTACHMENT B

LIST OF RECOMMENDED CONTRACTORS

AUDIT SERVICES BENCH / PS86611000- PS86611007

CONTRACT NO.	FIRM	DISCIPLINES	
		STAFF AUGMENTATION	SUBJECT MATTER EXPERTISE
PS86611000	BCA Watson Rice Western Region, LLP	Y	Y
PS86611001	Qiu Accountancy Corporation	Y	Y
PS86611002	Simpson & Simpson, LLP	Y	Y
PS86611003	Talson Solutions, LLC		Y
PS86611004	TAP Financials, LLP	Y	
PS86611005	TAP International, Inc.		Y
PS86611006	The Lopez Group, LLP	Y	Y
PS86611007	Vasquez & Company LLP		Y

DEOD SUMMARY

AUDIT SERVICES BENCH / PS86611000 - PS86611007

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 30% Disadvantaged Business Enterprise (DBE), 27% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. DBE, SBE, and DVBE participation will be based on the aggregate value of all task orders issued.

There are eight Primes on the bench. Three of the eight Primes are both DBE and SBE certified. One Prime is SBE certified only, and one Prime is DBE certified only. All Primes met or exceeded the DBE/SBE/DVBE goals. The commitments for each Bench participant are provided below.

Prime: BCA Watson Rice (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE* Commitment	DVBE* Commitment
1.	BCA Watson Rice (SBE Prime)		-	97%	-
2.	Williams Adley & Company LLP	African American	30%	-	-
3.	Logic Technology Group LLC	-	-	-	3%
	Total Commitment		**30%**	**97%**	**3%**

Prime: Qui Accountancy (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	QIU Accountancy (SBE/DBE Prime)	Asian Pacific American	100%	97%	-
2.	JGTaxPro	-	-	-	3%
	Total Commitment		**100%**	**97%**	**3%**

Prime: Simpson and Simpson LLP (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	QIU Accountancy	Asian Pacific American	30%	30%	-
2.	Dennis Nelson CPA APC	-	-	-	3%
	Total Commitment		**30%**	**30%**	**3%**

Prime: Talson Solutions, LLC (Discipline 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	Talson Solutions, LLC (DBE Prime)	African American	30%	90%	3%
	Total Commitment		**30%**	**90%**	**3%**

Prime: TAP International (Discipline 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	TAP International (SBE/DBE Prime)	Caucasian Female	30%	27%	-
2.	DVBE Technology Group	-	-	-	3%
	Total Commitment		**30%**	**27%**	**3%**

Prime: TAP Financial (Discipline 1)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	TAP International	Caucasian Female	30%	30%	-
2.	DVBE Technology Group	-	-	-	3%
	Total Commitment		**30%**	**30%**	**3%**

Prime: The Lopez Group (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	The Lopez Group (SBE/DBE Prime)	Hispanic American	100%	97%	3%
	Total Commitment		**100%**	**97%**	**3%**

Prime: Vasquez Company (Discipline 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	BCA Watson Rice		-	27%	-
2.	Amerit Consulting	-	-	-	3%
3.	Williams Adley & Company LLP	African American	30%	-	-
	Total Commitment		**30%**	**27%**	**3%**

***The SBE/DVBE program is race and gender neutral.**

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. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.