



RESOLUTION AWARDING A THREE-YEAR PROFESSIONAL SERVICES CONTRACT, WITH AN OPTION TO EXTEND FOR TWO ADDITIONAL ONE-YEAR PERIODS TO EIDE BAILLY, LLP IN AN AMOUNT NOT TO EXCEED \$310,000 FOR ANNUAL AUDIT SERVICES, AND AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE CONTRACT PAYMENT TERMS AND NON-MATERIAL CONTRACT TERMS AND CONDITIONS

WHEREAS, Under its respective fiscal policies, the Transportation Authority, and the Treasure Island Mobility Management Agency financial transactions and records are to be audited by an independent certified public accountant firm at least annually and a report be submitted to its respective Boards on the results of the audit; and

WHEREAS, The audit must be conducted in accordance with generally accepted government auditing standards applicable to financial audits established by Governmental Accounting Standards Board (GASB) and the Controller General of the United States; and

WHEREAS, The Transportation Authority's prior auditing services contract with Eide Bailly, LLP will expire on June 30, 2021; and

WHEREAS, The Transportation Authority's policy is to competitively re-bid professional services contract after five years; and

WHEREAS, On March 4, 2021, the Transportation Authority issued a Request for Proposal for annual audit services for a three-year contract covering audits for Fiscal Years 2020/21, 2021/22 and 2022/23, with two one-year extension options; and

WHEREAS, The Transportation Authority received three proposals in response to the RFP by the due date of April 2, 2021; and

WHEREAS, A review panel comprised of staff from the City's Controller's Office and the Transportation Authority interviewed the three firms on April 14, 2021; and

WHEREAS, Based on the results of this competitive selection process, the panel



recommended award of annual audit services to the top-ranked firm of Eide Bailly, LLP; and

WHEREAS, The annual audit services will be funded from Prop K sales tax funds and local contributions from the Treasure Island Development Authority; and

WHEREAS, The scope of work described in the RFP is included in the Transportation Authority's proposed Fiscal Year 2021/22 Budget, and sufficient funds will be included in future budgets to cover the remaining cost of the contract; and

WHEREAS, At its April 28, 2021 meeting, the Citizens Advisory Committee considered/was briefed on and unanimously adopted a motion of support for the staff recommendation; now, therefore, be it

RESOLVED, That the Transportation Authority hereby awards a three-year professional services contract, with an option to extend for two additional one-year periods, to Eide Bailly, LLP, in an amount not to exceed \$310,000, for annual audit services; and be it further

RESOLVED, That the Executive Director is hereby authorized to negotiate contract payment terms and non-material contract terms and conditions; and be it further

RESOLVED, That for the purposes of this resolution, "non-material" shall mean contract terms and conditions other than provisions related to the overall contract amount, terms of payment, and general scope of services; and be it further

RESOLVED, That notwithstanding the foregoing and any rule or policy of the Transportation Authority to the contrary, the Executive Director is expressly authorized to execute agreements and amendments to agreements that do not cause the total agreement value, as approved herein, to be exceeded and that do not expand the general scope of services.



# Memorandum

## AGENDA ITEM 9

**DATE:** April 29, 2021

**TO:** Transportation Authority Board

**FROM:** Cynthia Fong -Deputy Director for Finance and Administration

**SUBJECT:** 5/11/21 Board Meeting: Award a Three-Year Professional Services Contract, with an Option to Extend for Two Additional One-Year Periods, to Eide Bailly LLP in an Amount Not to Exceed \$310,000 for Annual Audit Services

<p><b>RECOMMENDATION</b>    <input type="checkbox"/> Information    <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none"> <li>• Award a three-year professional services contract, with an option to extend for two additional one-year periods, to Eide Bailly LLP in an amount not to exceed \$310,000 for annual audit services</li> <li>• Authorize the Executive Director to negotiate contract payment terms and non-material terms and conditions</li> </ul> <p><b>SUMMARY</b></p> <p>Under its respective fiscal policies, the Transportation Authority and the Treasure Island Mobility Management Agency (TIMMA) financial transactions and records are to be audited by an independent certified public accountant (CPA) firm at least annually and a report be submitted to its respective Boards on the results of the audit. On March 4, 2021, we issued a Request for Proposals (RFP) for Transportation Authority and TIMMA annual audit services for a three-year contract covering audit for Fiscal Years 2020/21 through 2022/23, with two one-year extension options. By the due date of April 2, we received three responsive bids, which included both a technical and cost component. Interviews were conducted on April 14 by a selection panel comprised of staff from the Transportation Authority and the City's Controller's Office. Based on this competitive process, the selection panel recommended award of an annual audit services contract to the highest-ranking firm, Eide Bailly LLP.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fund Allocation</li> <li><input type="checkbox"/> Fund Programming</li> <li><input type="checkbox"/> Policy/Legislation</li> <li><input type="checkbox"/> Plan/Study</li> <li><input type="checkbox"/> Capital Project Oversight/Delivery</li> <li><input type="checkbox"/> Budget/Finance</li> <li><input checked="" type="checkbox"/> Contract/Agreement</li> <li><input type="checkbox"/> Other: _____</li> </ul>
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## **BACKGROUND**

The current auditing services contract with Eide Bailly LLP, formerly Vavrinek, Trine, Day & Co., LLP, will expire on June 30, 2021. Our policy is to competitively re-bid professional services contracts after five years.

## **DISCUSSION**

The purpose of this memorandum is to describe the procurement process and recommend award of the annual audit services contract to Eide Bailly LLP. The contract will be for three years covering audits for Fiscal Years 2020/21, 2021/22 and 2022/23, with two one-year extension options.

On March 4, 2021, we issued an RFP for annual audit services. We took steps to encourage participation from small and disadvantaged business enterprises, including advertising in seven local newspapers: El Reportero, Nichi Bei Weekly, San Francisco Bay View, San Francisco Examiner, San Francisco Chronicle, Small Business Exchange, and World Journal. We also distributed the RFP to certified small, disadvantaged, and local businesses, Bay Area and cultural chambers of commerce, and the small business councils.

By the due date of April 2, 2021, we received three proposals in response to the RFP. The review panel, consisting of Transportation Authority staff and the City's Controller's Office staff, reviewed the proposals based on the qualifications and other criteria detailed in the RFP. The panel interviewed all three firms on April 14, 2021. Based on the competitive process defined in the RFP, the review panel recommended award of the contract to the highest-ranked firm of Eide Bailly LLP. The recommended team distinguished itself on the basis of its strong audit approach, and its extensive experience working with transportation agencies. Eide Bailly LLP has provided auditing services for several transit and transportation agencies, including the Santa Clara Valley Transportation Authority, the Golden Gate Bridge, Highway and Transportation District, the Transbay Joint Powers Authority, the Solano County Transportation Authority, the Alameda County Transportation Commission, the Marin Transportation Authority, the Peninsula Corridor Joint Powers Board, the San Mateo County Transit, and the Transportation Authority.

We established a Disadvantaged Business Enterprise (DBE)/Local Business Enterprise/Small Business Enterprise (SBE) goal of 15% for this contract. Proposals from all teams met the contract goal. The Eide Bailly LLP team has pledged a DBE and SBE utilization of 15% through its subconsultant, Richardson & Company, LLP, a woman-owned firm. Eide Bailly LLP does not have a traditional headquarters office. The firm is domiciled in Minnesota as a limited liability partnership.

## **FINANCIAL IMPACT**

The contract will be funded from Prop K sales tax funds and local contributions from the Treasure Island Development Authority. The first year's activity is included in the Transportation Authority's proposed Fiscal Year 2021/22 Budget. Sufficient funds will be included in future budgets to cover the remaining cost of the contract.



## **CAC POSITION**

The CAC considered this item at its April 28th meeting and unanimously adopted a motion of support.

## **SUPPLEMENTAL MATERIALS**

- Attachment 1 - Annual Audit Scope of Services

## **Attachment 1 Annual Audit Scope of Services**

Audit services will be requested on an hourly reimbursable basis, plus expenses, and may include, but are not limited to, the following categories of action:

- Conduct an annual audit of all the Transportation Authority's funds in accordance with auditing standards generally accepted in the United States of America and the GASB with the objectives of expressing an opinion on the financial statements. The Auditor will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements in our Annual Comprehensive Financial Report (ACFR);
- Perform the procedures necessary to ensure that the Transportation Authority may use the Auditor's opinion on the basic financial statements in connection with any official statements for public debt issuance. The Auditor will issue a debt service certificate, in the form of a debt consent agreed upon procedures engagement and/or a consent letter as requested by bond counsel. We do not anticipate any debt issuances during FY 2020/21;
- Perform a single audit on the expenditures of federal grants in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and render the appropriate audit reports on Internal Control Over Financial Reporting based upon the audit of the Transportation Authority's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance. The single audit will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required. In addition, the Auditor will complete and file the federal Data Collection Form. If the Transportation Authority or TIMMA does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly;
- Assist in preparing the ACFR including financial statements, schedule of expenditures of federal awards, and related notes of the Transportation Authority in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by Transportation Authority;
- Prepare a separate audit report on TIMMA;
- Issue a Management Letter that includes a listing of all non-material items, which were identified during the audit, as well as a listing of the status of resolved and unresolved Management Letter comments from prior audits will be submitted to Transportation Authority staff; and

- Present audit results and Management Letter to the TIMMA Committee, Transportation Authority and TIMMA Boards. We anticipate attendance by the Auditor at up to four meetings each year.

The following auditing standards will be followed:

- Accounting principles and auditing standards generally accepted in the United States;
- GASB;
- Standards for financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States;
- Provisions of the Uniform Guidance; and
- Other applicable accounting and auditing standards.

The Transportation Authority assumes the responsibility to prepare the Letter of Transmittal, Management Discussion and Analysis, the basic financial statements, other required supplementary information, schedule of expenditures of federal awards, footnotes, Statistical and Compliance sections. The Auditor will then be asked to produce the final published ACFR, financial statements and/or single audit, if applicable. Any costs for this production should be built into the cost estimate. The following assistance will be available to the Auditor:

- The Transportation Authority's staff will be available to work with the selected firm to ensure a smooth implementation for the year ending June 30, 2021; and
- The Auditor will be provided workspace within the Transportation Authority's offices, except for auditing services for the year ending June 30, 2021, which shall take place virtually or at the Auditor's offices in order to adhere to COVID-19 guidelines. Please note that the Transportation Authority has limited office space. All space requirements and other miscellaneous requirements and concerns should be made known to the Transportation Authority in the response and during contract negotiations.

### **Additional Accounting and Audit-Related Service**

From time to time the Transportation Authority may require additional or special auditing and/or audit related services such as compliance audits of recipients of Prop K funds. Where it can be demonstrated that it is to the Transportation Authority's benefit to engage the Auditor for such services, the Transportation Authority may amend the Auditor's contract to include said services without a subsequent formal bid process, provided that the cost of the amendments is less than \$75,000 in a fiscal year. These additional audit services may also be bid separately, at the sole discretion of the Transportation Authority.

Examples of additional or special accounting and/or audit services are:

- Compliance Agreed-Upon Procedures;
- Compliance Audit Procedures;
- Debt Consent Agreed-Upon Procedures;

- Management Audit; and
- Reviews or audits as required by any grantors.