

## STAFF REPORT

**SUBJECT:** Selection of Independent Audit Firm to Perform Triennial Performance Audits of the San Joaquin Council of Governments and Member Agencies' Public Transit Systems for the Fiscal Years ended June 30, 2016, 2017 and 2018

**RECOMMENDED ACTION:** Accept & Approve the Engagement of Moore & Associates, Inc. to perform the Triennial Performance Audit of the Public Transit Systems and the San Joaquin Council of Governments in an amount not to exceed \$49,928.

### SUMMARY:

The San Joaquin Council of Governments is statutorily required by section 99246 of the California Public Utilities Code conduct a Triennial Performance Audit of itself and all transit operators to which SJCOG allocates funds. SJCOG staff recommends Moore & Associates be awarded the engagement for this audit.

#### Performance Audits of Planning Entities & Operators

THE TRANSPORTATION-PLANNING AGENCY SHALL DESIGNATE ENTITIES OTHER THAN ITSELF, A COUNTY TRANSPORTATION COMMISSION, A TRANSIT DEVELOPMENT BOARD, OR AN OPERATOR TO MAKE A PERFORMANCE AUDIT OF ITS ACTIVITIES AND THE

### Evaluation of Independent Audit

#### Proposals:

Requests for proposals were sent to forty-five public accounting and consulting firms. Three firms submitted written proposals by the indicated deadline.

Proposals were received from Michael Baker International, Moore & Associates, Inc., and Pierlott & Associates, LLC. One of the three responding firms would be classified as regional consulting firms and two would be considered a national firm.

All three firms represent they can do the work outlined in the request for proposals. In summary,

- Cost does not have to be the deciding factor in consultant selection, however, Pierlott & Associate's proposal was twice as high as the other two with no apparent value added.

- SJCOG's most recent TPA was conducted by members of the Michael Baker team. While being technically capable, their report was delivered months late.

SJCOG staff concluded Moore & Associates, Inc.'s qualifications and previous experience with SJCOG and other transit agencies would provide SJCOG with a thorough audit producing a high-quality and useful report. Their technical experience, combined with positive comments from a survey of references, leads SJCOG staff to this recommendation.

### **Fiscal Impact:**

The total budget cost for the FYE June 30, 2016, 2017, and 2018 TDA Triennial Performance Audits is \$50,000.

The total cost of the FYE June 30, 2013, 2014, and 2015 TDA Performance Audits was \$39,485. The current proposal by Moore & Associates, Inc. for the FYE June 30, 2016-2018, TDA Triennial Performance Audits is for \$ 49,928.

### **Summary of Proposers:**

A review team comprised of SJCOG staff members Steve Dial, Grace Orosco, and Lynnetta Castle has reviewed the proposals. Based on the proposals, the review committee is recommending Moore & Associates, Inc. The proposals for the three firms indicated the following:

Cost proposals for the complete engagement:

Michael Baker International:	\$45,894
Moore & Associates, Inc.:	\$49,928
Pierlott & Associates, LLC:	\$105,300

### **Qualifications and Level of Experience:**



Pierlott & Associates, LLC is a national transportation consulting firm based in Philadelphia. They work exclusively in the public transportation industry with experience in performance auditing, transit operations, organizational analyses and financial analyses experience. In addition, they have experience auditing federally funded transit agencies and their operators. They have worked with area agencies such as Contra Costa Transit Authority and the San Francisco Bay Area's Metropolitan Transportation Commission.



Michael Baker International is a national engineering, planning and consulting business, with a wide range of federal, state and municipal government clients. Michael Baker International has a firm understanding of the basic purpose and focus of the audit. In addition, they have a detailed understanding of the needs of the Council of Governments. Two of their key audit staff, Derek

Wong, and Rick Williams were previously with Pacific Municipal Consultants, a firm that SJCOG previously used to perform two Triennial Performance Audits. Although, PMC was a capable and knowledgeable firm that ultimately produced a satisfactory audit and reports, the most recent period with them was considerably late. Although this wasn't the only factor in our decision, it did play a role in the outcome.



Moore & Associates, Inc. is a consulting firm that is solely focused on public transit/transportation. They have completed over 100 performance audits, ranging from large, multi-modal urban transit operators and RTPAs to rural demand-response programs. With nearly 30 years of transit service planning and evaluation experience, they are familiar with trends and issues that entities being audited may be having. Moore & Associates, Inc. has a strong understanding of the project and has detailed a thorough audit plan and technical approach. Moore & Associates, Inc. has worked with several agencies that are comparable to the San Joaquin Council of Governments and its intricacies. They have worked with SJCOG on Triennial Performance Audits for the years ending in FY05/06. In addition, they have worked with the Kern Council of Governments, Madera County Transportation Commission and have partnered with Ma and Associates to conduct the most recent performance review of the Los Angeles County Metropolitan Transportation Authority. Kern and Madera gave Moore & Associates exceptional reviews. Kern Council of Governments spoke very highly of the relationship they have with Moore & Associates and highlighted their ability to stay on track and keep clients up to date on project status and needs as the project develops, which is important to the Council of Governments.

*Prepared by: Lynnetta Castle, Staff Accountant and Steve Dial, CFO*