



**ITEM ID:** 2024-126-0

**TRANSMITTAL DATE:** March 22, 2024

**MEETING DATE:** March 29, 2024

**TO:** Board of Directors

**FROM:** Arnold Hackett, Chief Financial Officer

**SUBJECT:** QM166-24 External Audit Services - Recommendation to Award - Eide Bailly, LLC

### **Issue**

The Authority requires external audit services of its financial statements on an annual basis in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

### **Recommendation**

Contracts, Operations, Maintenance and Safety Committee recommended (4-0) the Board authorize the Chief Executive Officer to award Contract No. QM166-24 for External Audit Services to Eide Bailly, LLC in a not-to-exceed contract authority amount of \$1,021,143.20 (\$539,176 for the base years and \$389,136 for the option years, plus 10% contingency of \$92,831.20). The term of the contract shall be for a three-year base with one two-year option that may be exercised at the sole discretion of the Chief Executive Officer. The award is subject to resolution of any timely filed protest.

### **Strategic Commitment**

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. By producing timely financial statements, we can present relevant financial information to users of our data to make better decisions regarding Metrolink's future.

## **Background**

The Authority is required to have audited financial statements based on the Uniform Guidance requirements stating Nonfederal entries that expense \$750,000 or more in a year in federal assistance shall have a Single Audit conducted for that year.

The audit shall be conducted in accordance with GAGAS (i.e., Generally accepted government audit standards). The audit shall cover the entire operations of the Authority, which would include a series of audits that cover departments which administered awards during the fiscal year, provided that each such audit encompasses the financial statements and Schedule of Expenditures of Federal Awards (SEFA). The audited financial statements will be used by the Authority to produce the Annual Comprehensive Financial Report (ACFR).

On November 9, 2018, the Board awarded competitively procured contract no. QM160R-19 to Edie Bailly (formerly known as Vavrinek, Trine, Day & Co., LLP) to perform external audit services for a period of three years with two one-year operations, which were exercised, and the contract expires February 28, 2024. As the Authority's current External Auditors are in the final year of audit services, staff then initiated the process to procure external audit services for the fiscal years 2024-2028.

## **Discussion**

On October 10, 2023, the Authority released a Request for Proposal (RFP) for External Audit Services for a contract term of three years with one two-year option. The solicitation was published in the five member counties, as well as posted on the Authority's online procurement module. Notices were also emailed to firms registered on the Authority's online procurement module. 26 firms downloaded the solicitation. On October 18, 2023, the Pre-Proposal Conference was held with five firms in attendance.

Eight proposals were received on November 21, 2023 from Crowe LLP, Davis Farr, Eide Bailly, Plante Moran, Sotomayor & Associates, The Pun Group, Vasquez & Company, and Weaver and Tidwell.

Evaluations were conducted in accordance with the Board-approved Contract Administration and Procurement Policies and Procedures, Proposal Evaluation. The evaluation committee consisted of two Authority staff members and one representative from a member agency.

Technical proposals were reviewed and scored. Five of the eight firms met the minimum technical score of 54.4 points, and therefore advanced to the interview phase of the evaluation. The results of the total scoring, including interview and cost, for the top five proposers, are shown in the following table.

<b>FIRM</b>	<b>TOTAL SCORE</b>
Crowe, LLP	80.20
Eide Bailly, LLC	86.40

