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## *Authority Board* **STAFF REPORT**

**Meeting Date:** June 21, 2023

<b>Subject</b>	<b>NEW ITEM: Authorization to Execute Agreement No. 655 with Maze &amp; Associates (Maze) for Professional Audit Services</b>
<b>Summary of Issues</b>	In April 2023, Authority staff issued a Request for Proposal (RFP) No. 23-1 for professional audit services. Four proposals were received and evaluated by a Review Committee consisting of Authority staff. The evaluation process has been completed and the Review Committee recommends Maze as the Authority's independent auditor. Staff is seeking approval of an agreement for professional audit services with Maze to begin June 22, 2023.
<b>Recommendations</b>	Staff seeks authorization for the Chair to execute Agreement No. 655 with Maze in the amount of \$276,100, to provide professional audit services, and to allow the Executive Director or designee to make any non-substantive changes to the language. The term of the agreement will be for three years with the option for two additional one-year extension options.
<b>Staff Contact</b>	Yuliana Tjeng
<b>Financial Implications</b>	The fee proposed by Maze begins at \$88,100 for the first year and will escalate by 4.5% each year to keep in line with cost-of-living adjustments into a maximum of \$104,600 in the fifth (final) year of the engagement. The total fee will not exceed \$276,100 for the three-year service and is subject to two annual renewals after the three-year term.
<b>Options</b>	The Authority Board could reject all proposals and provide other direction.
<b>Attachments</b>	<b>A.</b> Agreement No. 655
<b>Changes from Committee</b>	N/A

## Background

The Government Finance Officers Association (GFOA) recommends public agencies undertake a competitive process for the selection of an independent auditor on a periodic basis. The Authority is required to have an independent auditor to examine its financial statements and provide an opinion on the fairness of the financial reporting. The auditor also performs the “Single Audit” as a requirement for Federal funding received by the Authority. Other audit tasks include the “Management Letter”, which expresses an opinion on the quality of internal controls. Finally, the auditor may perform up to three compliance audits of agencies or contractors that receive Measure J funding.

On April 19, 2023, the Authority Board authorized the release of RFP No. 23-1 to seek a firm to provide professional audit services. The RFP was released on April 20, 2023.

In response to RFP No. 23-1, the Authority received four proposals. A Review Committee of Authority staff was formed consisting of the Authority’s Chief Financial Officer and Finance Manager. The Review Committee evaluated the four proposals received against a set of criteria. Included in the criteria were certain mandatory requirements, such as responsiveness to the RFP requirements, the firm’s understanding of the Authority’s objectives, the scope and breadth of practice areas. Technical criteria were also evaluated, including applicable auditing experience, the knowledge base and staff expertise, and the level of understanding of accounting standards applicable to transportation agencies. In addition to the mandatory and technical criteria, firms were scored according to locality of the firm, interview process, and fees. Although fees are important, auditor independence, qualifications, approach, track record and applicable experience are more heavily weighted. Based on the scoring of these items, three firms were selected for an interview with the Review Committee as follows:

- Maze (City of Pleasant Hill)
- Macias Gini & O’Connell, LLP (City of Walnut Creek)
- Eide Bailly, LLP (City of Menlo Park)

The following firm submitted a proposal, but was not selected for an interview:

- Badawi & Associates (City of Berkeley)

### **Recommended Audit Firm**

After thorough consideration of all factors in the proposals and completion of interviews, the Review Committee recommended Maze. The interview with Maze demonstrated that the firm has the expertise and understands the Authority's objectives, vision, priorities, and goals, along with achieving the highest interview score.

Maze is a local public accounting firm with over 29 years of extensive experience in municipal and not-for-profit audit services, accounting, and tax services, making the firm one of Northern California's most reputable and best-known public accounting firms. The firm is a full-service public accounting firm with 55 professionals, 25 of which specialized in governmental audit. Within the past seven years, the firm has worked with transit and transportation agencies, providing audit and quality assurance services. A sample of transportation related references include Alameda County Transportation Commission, Livermore Amador Valley Transit Authority, Solano Transportation Authority, and Transbay Joint Powers Authority. Other transportation clients served include San Francisco Bay Area Water Emergency Transportation Authority, Sonoma-Marin Area Rail Transit, and Western Contra Costa Transit Authority.

### **Pricing**

The pricing terms of the proposals ranged from \$80,400 to \$88,100 in the first year and \$96,385 to \$104,600 in the fifth year of the engagement. As indicated earlier, qualifications, expertise, and applicable experience are paramount in the selection of an independent auditor. Although there are lower fees proposed by competing firms, the Review Committee determines the overall quality of Maze's proposal supports the higher cost.

### **Next Steps**

The transition plan calls for Maze to begin providing professional audit services effective June 22, 2023. Meetings will be organized with Authority staff and the audit team at Maze to prepare for the Fiscal Year 2022-23 audit.

Staff seeks authorization for the Chair to execute Agreement No. 655 with Maze in an amount not-to-exceed \$276,100, to provide professional audit services, and to allow the Executive Director or designee to make any non-substantiative changes to the language. This approval includes a not-to-exceed amount of \$5,000 annually for travel and miscellaneous expenses for a total not-to-exceed amount of \$15,000. The term of the agreement will be for three years with the option for two additional one-year extension options.

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