

**STAFF REPORT FOR CALENDAR ITEM NO.: 9.2
FOR THE MEETING OF: APRIL 11, 2019**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Authorize the Executive Director to execute an amendment to the agreement for Independent Auditing Services with Vavrinek, Trine, Day & Co., LLP, (VTD) to extend the agreement for one additional year for an amount of \$48,000.

EXPLANATION:

The TJPA issued a Request for Proposals (RFP) for Independent Auditing Services in January 2016. Following a competitive procurement process, VTD was awarded a contract in March 2016, in the amount of \$144,000 for three years, with an option to extend for one year for \$48,000. Under the agreement, VTD has performed the audits for Fiscal Years 2016, 2017, and 2018. Under a previous agreement, VTD also performed the audits for Fiscal Year 2011 through Fiscal Year 2015. Exercising the one-year option will allow VTD to perform the Fiscal Year 2019 audit as well, for the same price it has been performing previous audits. VTD also performs additional services such as the audits of TJPA's land sales and TIFIA trust accounts at no extra charge.

TJPA's independent auditor conducts an audit of the basic financial statements of the TJPA for the purpose of expressing an opinion on these financial statements and issuing an independent auditor's report. The audits are to be performed in accordance with all applicable Generally Accepted Auditing Standards (GAAS) including but not limited to: auditing standards set forth by the American Institute of Certified Public Accountants (AICPA), the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards*, and applicable State of California audit guidelines.

The auditor also performs the federally-required Single Audit of TJPA's expenditures of federal grants, and audits the compliance of the TJPA with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the major federal programs identified in TJPA's Schedule of Expenditures of Federal Awards (SEFA), for the purpose of expressing an opinion as to whether the TJPA complied, in all material respects, with the applicable requirements. The supplemental Schedule of Expenditures of Federal Awards is to be subjected to the auditing procedures applied in the audit of the basic financial statements to determine if the SEFA is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Each time a new auditor is selected, a great deal of staff time is invested while the new audit team learns and documents agency processes and procedures. Staff believe that continuity of auditors will be extremely beneficial, as the focus of the financial statements changes in this first fiscal year of operations.

VTD is a firm founded in 1948 with governmental auditing as their primary practice. They are one of the top three California-based CPA firms with six offices in the state and the majority of their professional staff specializing in audits of governmental entities. Staff from the VTD Palo

Alto office serve the TJPA. They are members of the AICPA, the California Society of CPAs, the AICPA Governmental Audit Quality Center and the GFOA. In addition, VTD is registered with the Public Companies Accounting Oversight Board.

This extension complies with the auditor rotation requirements of Assembly Bill 345 (AB 345), California Government Code 12410.6(b), which states that a firm cannot provide audit services for more than six consecutive years commencing with Fiscal Year 2014. Following the one year extension of the agreement with VTD, TJPA plans to issue an RFP for future auditing services.

RECOMMENDATION:

Authorize the Executive Director to execute an amendment to the agreement for Independent Auditing Services with VTD to extend the agreement for one additional year for an amount of \$48,000.

ATTACHMENTS:

1. Resolution
2. Amendment

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, The Transbay Joint Powers Authority (TJPA) requires the services of a Certified Public Accounting firm to provide independent auditing services for the Transbay Transit Center Program; and

WHEREAS, On January 5, 2016, the TJPA issued Request for Proposals 16-01 for independent auditing services; and

WHEREAS, On March 10, 2016, following a competitive procurement process, the TJPA awarded a contract to the firm of Vavrinek, Trine, Day & Co., LLP (VTD) for a maximum of \$144,000 for a term not to exceed three years (\$48,000 per fiscal year audit), with the option to extend the term for one additional year (for a total maximum of \$192,000 for the entire four-year period) by mutual agreement of the parties; and

WHEREAS, The content and format of TJPA's financial statements changes due to the transition in focus from construction to operations in Fiscal Year 2019; and

WHEREAS, Continuity in the audit team will be very beneficial during the implementation of this transition, saving staff time and agency costs; now, therefore, be it

RESOLVED, That the Board authorizes the Executive Director to execute an amendment to the agreement for Independent Auditing Services with VTD to extend the agreement for one additional year for an amount of \$48,000.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of April 11, 2019.

Secretary, Transbay Joint Powers Authority

Amendment No. 01
Professional Services Agreement between
the Transbay Joint Powers Authority and Vavrinek, Trine, Day & Co., LLP

THIS Amendment No. 1 to the Professional Services Agreement to furnish independent auditing services dated March 10, 2016 ("Agreement") is entered into as of the ____ day of _____, 20____ in San Francisco, California, by and between **Vavrinek, Trine, Day & Co., LLP** ("Contractor"), and the **Transbay Joint Powers Authority** ("TJPA").

The TJPA and Contractor agree to amend Section 2 and Section 5 of the Agreement in their entirety to read as follows:

2. Term of the Agreement. Subject to Section 1, the term of this Agreement shall not exceed four (4) years from the Effective Date of the Agreement.

5. Compensation. All work under this Agreement shall be compensated on a fixed-fee basis, subject to any maximum price set forth in a particular NTP. In no event shall the total compensation for all of the Contractor's Basic Services under this Agreement exceed One Hundred Ninety-Two Thousand Dollars (\$192,000). The breakdown of the Contractor's fees appears in Appendix B, "Fees".

As defined in Section 4 above and Appendix A, Additional Services are services not specified or required under the Agreement as Basic Services. The TJPA shall not compensate the Contractor for Additional Services unless such services are authorized in writing prior to performance by the Contractor. Aggregate billings for Additional Services shall not exceed Twenty-Five Thousand Dollars (\$25,000). Unless otherwise agreed in writing by the TJPA and the Contractor, the TJPA shall compensate the Contractor for Additional Services at the rates set forth in Appendix B. Hourly rates for services are to remain fixed during the entire contract period, except for reasonable cost of living increases.

No charges shall be incurred under this Agreement nor shall any payments become due to the Contractor until the Services required under this Agreement are received from Contractor and approved by the Executive Director as being in accordance with this Agreement. The TJPA may withhold payment to the Contractor in any instance in which the Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall the TJPA be liable for interest or late charges for any late payments.

All other provisions of the Agreement shall remain in full force and effect.

**TRANSBAY JOINT POWERS
AUTHORITY**

CONTRACTOR
Vavrinek, Trine, Day & Co., LLP

Mark Zabaneh, Executive Director

Signature

Board of Directors

Printed Name

Resolution No. _____

Adopted: _____

Attest:

Secretary, TJPA Board