



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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Los Angeles, CA 90012-2952

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**REVISED  
PLANNING AND PROGRAMMING COMMITTEE  
JULY 18, 2007**

**SUBJECT: FISCAL YEAR 2006-07 CONSOLIDATED AUDIT FOR VARIOUS REGIONAL PROGRAMS**

**ACTION: AWARD CONTRACT TO VASQUEZ AND COMPANY, LLP**

**RECOMMENDATION**

Authorize the Chief Executive Officer to award a contract to Vasquez and Company, LLP, to perform the fiscal year (FY) 2006-07 financial and compliance audits of programs, jurisdictions and agencies listed in Attachment A in an amount not to exceed \$460,059, with an option to renew for up to two (2) additional years.

**RATIONALE**

The Consolidated Audit process includes financial and compliance audits of the Proposition A and Proposition C Local Return Program; Transportation Development Act (TDA) Article 3 and Article 8 Programs; Proposition A Incentive Program; the City of Los Angeles Department of Transportation's (LADOT) operating data; regional transit funds of the Cities of Commerce, Redondo Beach and Torrance; Metrolink Program; Immediate Needs Transportation Program; General Relief Token Program; and the Support For the Homeless Re Entry Program (SHORE). Audits of these programs are needed to ensure that the agencies comply with the applicable rules, regulations, policies, guidelines and executed Memoranda of Understanding (MOU). The audits also serve as a program management tool for effectively managing and administering these programs.

Vasquez and Company, LLP will perform financial and compliance audits to ensure management that the recipients of all named funds adhere to statutes for each funding source and that operating data used to allocate funds is accurate and follow Federal Transit Administration (FTA) guidelines. The audits will be conducted according to generally accepted auditing standards and will meet the American Institute of Certified Public Accountants' standard of independence. We expect the contractor to report on management deficiencies or non-compliance issues where noted and to be particularly alert for findings that could result in funds being returned to Metro. Findings may address unauthorized fund trades or exchanges, unused and lapsed funds, and disallowable expenditures. Audits will be conducted from September 2007 through February 2008. Attachment A lists all of the programs, jurisdictions and agencies to be audited through this contract.

Metro allocates over \$300 million in Local Return Funds annually to 88 cities in Los Angeles County and the County of Los Angeles according to Proposition A and Proposition C ordinances. In March 2006, the Board of Directors approved the Proposition A and Proposition C Local Return Guidelines, which require that Metro conduct an annual financial and compliance audit to verify adherence to the guidelines. Metro, as the Regional Transportation Planning Entity for Los Angeles County, also allocates over \$27 million to the 88 cities and the County, state Transportation Development Act (TDA) Article 3 and Article 8 funds. Pursuant to Section 99245 of the TDA Statutes and California Codes of Regulation, Metro is responsible to ensure that all claimants to whom it directs the allocation of funds submit an annual certified fiscal audit and provide certification that the funds were expended in conformance with applicable laws, rules and regulations.

### **FINANCIAL IMPACT**

The cost of this contract is \$460,059, and \$400,000 of this amount is included in the FY08 Budget under Cost Center 4430, Project No. 405510. Proposition A, Proposition C and TDA Administration funds will be used to finance this contract. The Chief Planning Officer will be responsible for budgeting the remaining \$60,059 during FY08.

### **ALTERNATIVES CONSIDERED**

The Board of Directors may choose not to award the contract as recommended, or may choose to direct us to seek another contractor. However, we do not recommend these alternative actions as Proposition A and Proposition C Guidelines, as well as Transportation Development Act statutes, require that audits be conducted on funds allocated. The Consolidated Audit process addresses these requirements and plays a major part in the continued implementation, management and administration of the covered funding programs.

### **NEXT STEPS**

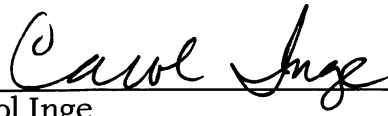
With Board approval of the recommendation, we will award a contract to Vasquez and Company, LLP. We also will schedule a kick-off meeting between Metro and the contractor, and follow up by sending a letter of introduction to all jurisdictions and agencies to be audited.

**ATTACHMENT**

- A. Funded Projects and Programs to be Audited
- B. Procurement Summary

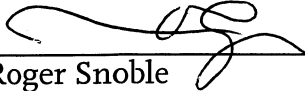
Prepared By: Carlos Vendiola / Armineh Saint, Local Programming

Nalini Ahuja, Director of Local Programming  
Programming and Policy Analysis



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Carol Inge  
Planning Officer



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Roger Snoble  
Executive Officer

Consolidated Audit  
Funded Projects and Programs to Audit

Attachment A

Agencies/Jurisdiction	Proposition A				Proposition C						TDA		Transit Funds									Operating Data		Total # Funds		
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Local Return	Beeline	MetroLink Program	Immediate Needs	SHORE	General Relief	Article 3	Article 8	TDA Article 4	STA	Prop A Discretionary	Foothill Mitigation	TSE	Base Restructuring	BSIP	MOSIP	Fuel Increase	Prop C 5% Security				
Agoura Hills	•	•			•						•													4		
Alhambra	•		•		•						•														4	
Arcadia	•				•						•														3	
Artesia	•				•						•														3	
Avalon	•			•	•						•														5	
Azusa	•				•						•														3	
Baldwin Park	•		•		•						•														4	
Bell	•				•						•														3	
Bell Gardens	•		•		•						•														4	
Bellflower	•				•						•														3	
Beverly Hills	•	•			•						•														4	
Bradbury	•				•						•														3	
Burbank	•				•						•														3	
Calabasas	•				•						•														3	
Carson	•			•	•						•														4	
Cerritos	•		•		•						•														4	
Claremont	•				•						•														3	
Commerce	•				•						•											•			11	
Compton	•			•	•						•														4	
Covina	•				•						•														3	
Cudahy	•			•	•						•														4	
Culver City	•	•			•						•														4	
Diamond Bar	•				•						•														3	
Downey	•			•	•						•														4	
Duarte	•				•						•														3	
El Monte	•			•	•						•														4	
El Segundo	•				•						•														3	

Consolidated Audit  
Funded Projects and Programs to Audit

Attachment A

Agencies/Jurisdiction	Proposition A				Proposition C					TDA		Transit Funds								Operating Data	Total # Funds					
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Local Return	Beeline	Metrolink Program	Immediate Needs	SHORE	General Relief	Article 3	Article 8	TDA Article 4	STA	Prop A Discretionary	Foothill Mitigation	TSE	Base Restructuring	BSIP			MOSIP	Fuel Increase	Prop C 5% Security		
Gardena	•	•			•						•													4		
Glendale	•	•	•		•						•														6	
Glendora	•				•						•														3	
Hawaiian Gardens	•				•						•														3	
Hawthorne	•				•						•														3	
Hermosa Beach	•				•						•														3	
Hidden Hills	•				•						•														3	
Huntington Park	•	•	•		•						•														5	
Industry	•				•						•														2	
Inglewood	•	•			•						•														4	
Irwindale	•				•						•														3	
La Canada Flintridge	•				•						•														3	
La Habra Heights	•				•						•														3	
La Mirada	•				•						•														3	
La Puente	•				•						•														3	
La Verne	•				•						•														3	
Lakewood	•				•						•														3	
Lancaster	•				•						•	•													4	
Lawndale	•				•						•														3	
Lomita	•				•						•														3	
Long Beach	•				•						•														3	
Los Angeles City	•	•	•		•						•												•		6	
Los Angeles County	•	•	•	•	•						•	•													7	
Lynwood	•				•						•														4	
Malibu	•				•						•														4	
Manhattan Beach	•				•						•														4	
Maywood	•				•						•														4	

Agencies/Jurisdiction	Proposition A				Proposition C						TDA		Transit Funds									Operating Data		Total # Funds	
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Local Return	Belline	Metrolink Program	Immediate Needs	SHORE	General Relief	Article 3	Article 8	TDA Article 4	STA	Prop A Discretionary	Foothill Mitigation	TSE	Base Restructuring	BSIP	MOSIP	Fuel Increase	Prop C 5% Security			
Monrovia	•	•			•						•													4	
Montebello	•				•					•														3	
Monterey Park	•		•							•														4	
Norwalk	•			•						•														4	
Palmdale	•									•														4	
Palos Verdes Estates	•	•								•														4	
Paramount	•									•														3	
Pasadena	•	•		•						•														5	
Pico Rivera	•									•														3	
Pomona	•	•								•														4	
Rancho Palos Verdes	•									•														3	
Redondo Beach	•	•		•						•												•	•	13	
Rolling Hills	•									•														3	
Rolling Hills Estates	•									•														3	
Rosemead	•									•														3	
San Dimas	•									•														3	
San Fernando	•									•														3	
San Gabriel	•									•														3	
San Marino	•									•														3	
Santa Clarita	•	•								•														5	
Santa Fe Springs	•			•						•														4	
Santa Monica	•									•														3	
Sierra Madre	•									•														3	
Signal Hill	•									•														3	
South El Monte	•									•														3	
South Gate	•									•														3	
South Pasadena	•			•						•														4	

**Consolidated Audit  
Funded Projects and Programs to Audit**

**Attachment A**

Agencies/Jurisdiction	Proposition A				Proposition C						TDA		Transit Funds								Total # Funds				
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Local Return	Beeline	Metrolink Program	Immediate Needs	SHORE	General Relief	Article 3	Article 8	TDA Article 4	STA	Prop A Discretionary	Proposition C Discretionary						Prop C 5% Security			
																Foothill Mitigation	TSE	Base Restructuring	BSIP	MOSIP			Fuel Increase		
Temple City	•				•						•		•	•	•	•	•	•	•	•		•			3
Torrance	•				•						•		•	•	•	•	•	•	•	•	•	•	•	•	13
Vernon	•				•						•		•	•	•	•	•	•	•	•	•	•	•	•	3
Walnut	•				•						•		•	•	•	•	•	•	•	•	•	•	•	•	3
West Covina	•		•		•						•		•	•	•	•	•	•	•	•	•	•	•	•	4
West Hollywood	•		•		•						•		•	•	•	•	•	•	•	•	•	•	•	•	5
Westlake Village	•				•						•		•	•	•	•	•	•	•	•	•	•	•	•	3
Whittier	•		•		•						•		•	•	•	•	•	•	•	•	•	•	•	•	5
SCRRA							•																		1
FAME								•																	1
IILA								•																	1
Los Angeles County DPSS										•															1
Shelter Partnership										•															1
	89	17	24	4	89	1	1	2	1	1	88	5	3	3	3	3	3	3	3	3	3	3	3	3	349



**BOARD REPORT ATTACHMENT B  
PROCUREMENT SUMMARY**

**FY2007 CONSOLIDATED AUDIT**

1.	Contract Number: PS4430-1997		
2.	Recommended Vendor: VASQUEZ & COMPANY LLP		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$480,059	Recommended Price: \$460,059	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm-Fixed Price		
5.	Procurement Dates:		
	A. Issued: 03/08/2007		
	B. Advertised: 03/08/2007		
	C. Pre-proposal Conference: 03/15/2007		
	D. Proposals Due: 04/27/2007		
	E. Pre-Qualification Completed: <b>Pending</b> — 6/29/2007		
	F. Conflict of Interest Form Submitted to Ethics: July 2, 2007		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: SBE Goal 25%	Date Small Business Evaluation Completed: June 21, 2007	
	C. Small Business Enterprise (SBE) Commitment: 25% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data: Yes		
	Notifications Sent: 50	Bids/Proposals Picked up: 26	Bids/Proposals Received: 2
8.	Evaluation Information:		
	A. Bidders/Proposers Names:  Vasquez and Company, LLP Simpson and Simpson CPA	<u>Bid/Proposal Amount:</u>  \$ 480,059.00 \$ 394,290.00	<u>Best and Final Offer Amount:</u>  \$460,059.00
	B. Evaluation Methodology: Qualifications Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: July 24, 2007		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Barbara A. Gatewood	Telephone Number: 922-7317	
11.	Project Manager: Carlos Vendiola	Telephone Number: 922-4527	

**BOARD REPORT ATTACHMENT B-1  
PROCUREMENT HISTORY****FY2007 CONSOLIDATED AUDIT****A. Background on Contractor**

Vasquez & Company LLP is a full service Certified Public Accounting firm, founded in 1967. Vasquez & Company has experience in performing financial/compliance audits, for all types of not-for-profit organization, for profit organizations, public agencies and publicly traded companies. Vasquez & Company is an independent Member of the BDO Seidman Alliance, and as part of this alliance they are able to access this nationwide association of 200 independently owned local and regional accounting, consulting, business and technology firms who share Vasquez & Company's dedication to exemplary client service.

Vasquez & Company LLP has performed numerous audits of governmental organizations subject to financial and compliance audits. Governmental agencies for which Vasquez & Company LLP has performed professional audit services ~~for art~~ are the Metropolitan Transit Authority (LACMTA); its predecessors, both the SCRTAD and LACTC; Alameda Corridor Transportation Authority (ACTA); and the Los Angeles Unified School District (LAUSD). Types of audits conducted are cost and close-out audits, overhead rate, change order, pre-award audits in accordance with auditing standards generally accepted in the US, Generally Accepted Government Auditing Standards, and the criteria prescribed by Subpart 31.2 of the Federal Acquisition Regulation (FAR) and in conformance with the Cost Accounting Standards Board Procurements.

**B. Procurement Background**

This RFP, in support of the FY2007 Consolidated Audit is a standard, competitive, negotiated, best value procurement for securing the services of a firm to supply financial and compliance audits of 88 cities, the Los Angeles County, Southern California Railroad Authority (SCRRA), First African Methodist Episcopal Church (FAME), International Institute of Los Angeles (IILA), and Shelter Partnership. Metro, as the Regional Transportation Planning Agency for Los Angeles County, has the fiduciary responsibility to ensure that these jurisdictions, operators and program administrator are in compliance with the applicable rules, regulations, policies guidelines and Memorandum of Understanding (MOU's).

The contract will be awarded as a Firm Fixed Priced procurement.

The Diversity and Economic Opportunity Department recommended a twenty-five percent (25%) SBE Goal for this procurement.

C. Evaluation of Proposals

The solicitation was issued in accordance with the Procurement Policy Manual. A Source Selection Committee was convened and conducted a comprehensive technical evaluation of the proposals and held oral discussions. Based on the evaluation criteria stipulated within the RFP as listed below, Vasquez and Company LLP received the highest ranking of the two responsive proposals received.

- Qualifications of the Firm
- Understanding and Approach to Work
- Cost/Price

D. Cost/Price Analysis Explanation of Variances

The recommended price of \$460,059 has been determined to be fair and reasonable based upon historical data, a cost/price analysis, an independent cost estimate, an extensive technical review, fact finding, and negotiations. The higher labor hours proposed by Vasquez and Company LLP are more realistic of reflect the skill set, time, and duration required to conduct and complete an audit the magnitude of the FY 2007 Consolidated Audit, which includes 89 jurisdictions.

**BOARD REPORT ATTACHMENT B-2  
LIST OF SUBCONTRACTORS**

**FY2007 CONSOLIDATED AUDIT**

**PRIME CONTRACTOR – Vasquez & Company LLP**

<u>Subcontractors</u>	<u>Small Business Commitment</u>
PM Chestang	25.00%
Total Commitment	<u>25.00%</u>