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Metropolitan Transportation Authority

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**PLANNING AND PROGRAMMING COMMITTEE  
OCTOBER 15, 2008**

**SUBJECT: FY 2007-08 AND FY 2008-09 CONSOLIDATED AUDITS FOR  
VARIOUS REGIONAL PROGRAMS**

**ACTION: EXERCISE OPTION RENEWAL WITH VASQUEZ AND COMPANY,  
LLP**

**RECOMMENDATION**

- A. Authorize the Chief Executive Officer to exercise option to renew Contract No. PS44301997 with Vasquez and Company, LLP to perform financial and compliance audits of programs, jurisdictions and agencies listed in Attachment B for fiscal year (FY) 2007-08 and FY 2008-09 in an amount not to exceed \$951,589 for both years; and
- B. Execute Contract Modification Authority under Contract No. PS44301997 to provide funding for an additional amount of up to \$50,000 to cover any unforeseen changes in the scope of work that may be required in the performance of these audits.

**RATIONALE**

In July 2007, the Board of Directors authorized the Chief Executive Officer to award a contract to Vasquez and Company, LLP, to perform the FY 2006-07 financial and compliance audits of programs, jurisdictions and agencies in the amount of \$460,059, with an option to renew for up to two additional years. However, the renewal amount was not specified in the Board Report.

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 for National Transit Database (NTD) reporting; regional transit funds of the Cities of Commerce, Redondo Beach and Torrance; Metrolink Program; Immediate Needs Transportation Program; Rider Relief Transportation Program and the Support For the Homeless Re Entry Program (SHORE). We allocate over \$350 million annually

to these programs and distribute them to the 88 cities in Los Angeles County, the County of Los Angeles and other agencies. Proposition A and Proposition C ordinances, state laws and federal provisions require audits for these allocated funds. The audits also serve as a program management tool for effectively managing and administering these programs.

As the contractor, Vasquez and Company, LLP will perform financial and compliance audits according to generally accepted auditing standards and will meet the American Institute of Certified Public Accountants' standard of independence to ensure that the recipients of all named funds adhere to statutes and provisions for each funding source and that operating data used to allocate funds for LADOT is accurate and follow Federal Transit Administration (FTA) guidelines. 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 us.

### **FINANCIAL IMPACT**

The cost to renew this contract for FY 2007-08 is \$460,059 (there is no increase from prior year's contract). This amount is included in the FY09 Budget under Cost Center 4430, Project No. 405510, Task No. 01.02. The cost for FY 2008-09 will increase to not more than \$491,530 due to the additional audits needed for the Vehicle Replacement Program, Proposition 1B Transit Modernization and Transit Security Funds and the Rider Relief Transportation Program. Audits of these new programs are also required under the Board adopted policies and state laws. The additional cost also includes cost increase due to inflation. Since this is a multi-year contract, the Chief Planning Officer and cost center manager will be responsible for budgeting funds in the future years.

### **ALTERNATIVES CONSIDERED**

The Board of Directors may choose not to renew the contract as recommended, or may direct us to seek another contractor. However, we do not recommend not renewing the contract as Proposition A and Proposition C ordinances, state laws and federal provisions require that audits be conducted on funds allocated. The Consolidated Audit process addresses these requirements. We also do not recommend seeking another contractor as this will cause delay in the process and incur additional costs.

### **NEXT STEPS**

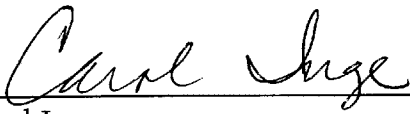
With Board approval of our recommendation, we will renew Contract No. PS44301997 with Vasquez and Company, LLP for FY 2007-08 and FY 2008-09, and issue a Notice to Proceed to them.

**ATTACHMENT**

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

Prepared by: Carlos M. Vendiola /Armineh Saint, Local Programming

Nalini Ahuja, Director of Local Programming  
Programming and Policy Analysis



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Carol Inge  
Chief Planning Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**FY2007-08 AND 2008-09 CONSOLIDATED AUDITS  
FOR VARIOUS REGIONAL PROGRAMS**

1.	Contract Number: PS4430-1997 – Pricing for previously approved Option.		
2.	Recommended Vendor: VASQUEZ AND COMPANY LLP		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$951,589	Recommended Price: \$951,589	
	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: 07/19/2007		
	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 & 10/01/08 Attachment A-2	
	Small Business Commitment: 25% SBE, Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data: N/A		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information: Yes		
	A. Bidders/Proposers Names: Vasquez and Company FY2007-2008 and FY2008-2009	<u>Bid/Proposal Amount:</u> \$460,059 FY2007-08 \$491,530 FY2008-09 \$ 951,589.00 - Total	<u>Best and Final Offer Amount:</u> \$951,589.00
	B. Evaluation Methodology: Qualifications Details are in Attachment A-1.C		
9.	Protest Information: N/A		
	A. Protest Period End Date: N/A		
	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: Armineh Saint	Telephone Number: 922-2369	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY**

**FY2007-2008 AND FY2008-2009 CONSOLIDATED AUDITS  
FOR VARIOUS REGIONAL PROGRAMS**

**A. Background on Contractor**

Vasquez and Company LLP is a full service Certified Public Accounting firm, founded in 1967. Vasquez and 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 and 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 and Company's dedication to exemplary client service.

Vasquez and Company LLP has performed numerous audits of governmental organizations subject to financial and compliance audits. Governmental agencies which Vasquez and Company LLP has performed professional audits services for the Los Angeles Metropolitan Transportation Authority (LACMTA), its predecessors, 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 two-year option for FY2007-08 and FY2008-09 maintains the services of Vasquez and Company LLP 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. We are the Regional Transportation Planning Agency for Los Angeles County, and have 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 option will be awarded as a firm-fixed price contract.

The Diversity and Economic Opportunity Department recommended a (25%) SBE Goal for this option.

C. Evaluation of Proposals

The request for option pricing was issued in accordance with the Procurement Policy Manual and a comprehensive technical evaluation was conducted.

D. Cost/Price Analysis Explanation of Variances

The recommended price of \$951,589 (\$460,059 for FY2007-08; and \$491,530 for FY2008-09) has been determined to be fair and reasonable based upon historical data, a cost/price analysis, an independent cost estimate, an extensive technical review, and fact finding.

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

**FY2007-2008 AND FY2008-2009 CONSOLIDATED AUDITS  
FOR VARIOUS REGIONAL PROGRAMS**

**SMALL BUSINESS PARTICIPATION (Contract #PS-4430-1997)**

This Contract has a Small Business Enterprise (SBE) participation commitment of 25% for the base contract. The contract was awarded to Vasquez & Co. LLP on August 13, 2007. Vasquez & Co. committed to 25% SBE attainment. The SBE participation<sup>3</sup> based on total actual amount paid-to-date to Contractor and total actual amount paid-to-date to SBE firms is 23.67%. The two SBE firms are performing as listed below. Inclusive of the option work, it is expected that Vasquez & Co. LLP will meet its SBE commitment for this contract.

<b>Original Award Amount *</b>	\$460,059.00
<b>Current Contract Amount<sup>2</sup></b>	\$460,059.00
<b>Total Actual Amount Paid to Date to Prime</b>	\$460,059.00

Subcontractor's Name	Commitment	Current Attainment <sup>1</sup>	Current Status
PM Chestang	25%	6.75%	Substituted
Ma and Associates	N/A	4.96%	Performing
KNL Support Services	N/A	11.96%	Performing
<b>TOTAL</b>	<b>25.00%</b>	<b>23.67%</b>	<b>Performing</b>

<sup>1</sup>Current Attainment = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Current Contract Amount

<sup>2</sup>Current Contract Amount = Original Contract Amount + Contract Cost Modifications

<sup>3</sup>Current Participation = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Actual Amount Paid-to-Date to Prime

\* This is the amount in dollars of the original contract. An option to renew is authorized for up to two (2) additional years.



FY08 & FY 09 Consolidated Audit  
 Funded Projects and Programs to Audit

Agencies/Jurisdiction	Proposition A				Proposition C					TDA		Transit Funds								Operating Data	Total # Funds						
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Vehicle Replacement	Local Return	Beeline	MetroLink Program	Immediate Needs	Rider Relief	SHORE	Article 3	Article 8	TDA Article 4	STA	Proposition 1B	Prop A Discretionary	Foothill Mitigation	TSE			Base Restructuring	BSIP	MOSIP	Prop C 5% Security		
Agoura Hills	•	•			•	•					•														5		
Alhambra	•	•	•		•	•					•	•														5	
Arcadia	•					•					•	•														3	
Artesia	•					•					•	•														3	
Avalon	•			•		•					•	•	•													5	
Azusa	•					•					•	•														3	
Baldwin Park	•			•		•					•	•														5	
Bell	•					•					•	•														4	
Bell Gardens	•			•		•					•	•														5	
Bellflower	•					•					•	•														3	
Beverly Hills	•			•		•					•	•														5	
Bradbury	•					•					•	•														3	
Burbank	•					•					•	•														4	
Calabasas	•					•					•	•														3	
Carson	•			•		•					•	•														4	
Cerritos	•			•		•					•	•														4	
Claremont	•					•					•	•														3	
Commerce	•					•					•	•											•	•		11	
Compton	•			•		•					•	•														4	
Covina	•					•					•	•														3	
Cudahy	•			•		•					•	•														5	
Culver City	•			•		•					•	•														5	
Diamond Bar	•					•					•	•														3	
Downey	•			•		•					•	•														4	
Duarte	•					•					•	•														3	
El Monte	•			•		•					•	•														4	
El Segundo	•					•					•	•														3	
Gardena	•			•		•					•	•														4	
Glendale	•			•		•					•	•														7	

FY08 & FY 09 Consolidated Audit  
Funded Projects and Programs to Audit

Agencies/Jurisdiction	Proposition A				Proposition C					TDA		Transit Funds							Operating Data	Total # Funds					
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Vehicle Replacement	Local Return	Beeline	MetroLink Program	Immediate Needs	Rider Relief	SHORE	Article 3	Article 8	TDA Article 4	STA	Proposition 1B	Prop A Discretionary	Foothill Mitigation			TSE	Base Restructuring	BSIP	MOSIP	Prop C 5% Security
Glendora	•					•						•													3
Hawaiian Gardens	•					•						•													3
Hawthorne	•					•						•													3
Hermosa Beach	•					•						•													3
Hidden Hills	•					•						•													3
Huntington Park	•	•			•	•						•													6
Industry	•					•						•													2
Inglewood	•	•			•	•						•													5
Inwindale	•					•						•													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	•	•			•	•						•	•											•	7
Los Angeles County	•	•	•		•	•						•	•												8
Lynwood	•		•			•						•													4
Malibu	•		•			•						•													4
Manhattan Beach	•		•		•	•						•													5
Maywood	•		•			•						•													4
Monrovia	•				•	•						•													5
Montebello	•					•						•													3
Monterey Park	•		•		•	•						•													5
Norwalk	•				•	•						•													4

Agencies/Jurisdiction	Proposition A				Proposition C					TDA		Transit Funds						Operating Data	Total # Funds							
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Vehicle Replacement	Local Return	Beeline	MetroLink Program	Immediate Needs	Rider Relief	SHORE	Article 3	Article 8	TDA Article 4	STA	Proposition 1B	Prop A Discretionary			Foothill Mitigation	TSE	Base Restructuring	BSP	MOSIP	Prop C 5% Security	
Palmdale	•					•						•														4
Palos Verdes Estates	•	•			•	•						•														5
Paramount	•					•						•														3
Pasadena	•	•	•		•	•						•														6
Pico Rivera	•				•	•						•														4
Pomona	•	•			•	•						•														5
Rancho Palos Verdes	•					•						•														3
Redondo Beach	•	•			•	•						•														14
Rolling Hills	•					•						•														3
Rolling Hills Estates	•					•						•														3
Rosemead	•					•						•														3
San Dimas	•					•						•														3
San Fernando	•					•						•														3
San Gabriel	•					•						•														3
San Marino	•					•						•														3
Santa Clarita	•	•			•	•						•														6
Santa Fe Springs	•		•		•	•						•														5
Santa Monica	•				•	•						•														4
Sierra Madre	•					•						•														3
Signal Hill	•					•						•														3
South El Monte	•					•						•														3
South Gate	•					•						•														3
South Pasadena	•		•		•	•						•														5
Temple City	•					•						•														3
Torrance	•					•						•														13
Vernon (Suspended in FY08, To Resume in FY09)	•					•						•														3
Walnut	•					•						•														3
West Covina	•		•			•						•														4

FY08 & FY 09 Consolidated Audit  
Funded Projects and Programs to Audit

Agencies/Jurisdiction	Proposition A				Proposition C					TDA		Transit Funds								Total # Funds								
	Local Return	Sub-Reg. Paratransit	Voluntary NTD	Sub-Reg. Grant	Vehicle Replacement	Local Return	Beeline	Metrolink Program	Immediate Needs	Rider Relief	SHORE	Article 3	Article 8	TDA Article 4	STA	Proposition 1B	Prop A Discretionary	Proposition C				Operating Data						
																		Foothill Mitigation	TSE	Base Restructuring	BSIP		MOSIP	Prop C 5% Security				
West Hollywood	•	•	•	•	•	•						•														6		
Westlake Village	•					•						•															3	
Whittier	•	•	•		•	•						•															6	
<b>SCRRA - Metrolink Program</b>							•																				1	
<b>Immediate Needs Transportation Program:</b>																												
Fame Assistance Corp.								•																				1
Int'l Institute of LA								•																				1
<b>Rider Relief Transportation Program (Effective FY2009):</b>																												
Fame Assistance Corp.										•																		1
Human Services Assoc.										•																		1
Jewish Family Services										•																		1
<b>Shelter Partnership-SHORE</b>																												1
	89	17	24	4	28	89	1	1	2	3	1	88	5	3	3	3	1	2	2	3	3	1	3	3	1	376		