



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
SEPTEMBER 20, 2007**

SUBJECT: MULTIPLE AWARD AGREEMENTS FOR FEDERAL AND STATE FUNDED AUDIT SERVICES

ACTION: EXECUTE TWO MULTIPLE AWARD AUDIT SERVICES AGREEMENTS

RECOMMENDATION

A. Authorize the Chief Executive Officer (CEO) to execute two five-year fixed rate multiple award agreements, one bench for state and locally funded work and one bench for federally funded work with the firms listed below, inclusive of two one-year options, effective October 1, 2007 with a cumulative total amount not to exceed \$8,300,000; and

	Contractor	STATE	FEDERAL
1.	BDO Seidman, LLP	X	X
2.	Chung & Chung Accountancy Corp. CPAs	X	X
3.	James P. Richardson, CPA	X	X
4.	Jefferson Wells International	X	X
5.	Jones & Company Professional Consultants	X	X
6.	KNL Support Services	X	X
7.	KPMG, LLP	X	X
8.	Lopez and company, LLP	X	X
9.	Macias Consulting Group, Inc.	X	X
10.	Macias Gini & O'Connell, LLP	X	X
11.	Mayer Hoffman McCann, P.C.	X	X
12.	P.M. Chestang and Associates	X	X
13.	QIU Accountancy Corporation	X	X
14.	Simpson & Simpson CPA's	X	X

15.	Sox Solutions	X	
16.	Thompson, Cobb, Bazilio & Associates, PC	X	X
17.	Vasquez & Company LLP	X	X
18.	Wang Professional Corporation	X	X

- B. Authorize the CEO to execute Task Orders under these contracts for services in a total amount not to exceed \$8,300,000.

RATIONALE

The Los Angeles County Metropolitan Transportation Authority (Metro) uses certified public accounting (CPA) firms and other specialty firms to supplement Management Audit Services' (MAS) requirements to complete the Board approved annual audit plan. The Multiple Award Agreements (bench) are necessary for two primary reasons; to provide specialized expertise, and to augment staff.

MAS is required to comply with Generally Accepted Government Auditing Standards (GAGAS). GAGAS has a due professional care standard which requires MAS to bring in outside experts to supplement staff when the area being audited requires technical or specialized skills that are not available within the department. Audits that normally fall under this requirement include information technology audits and specialized audits such as pension and benefit reviews. Other areas of work outsourced to firms include Call-for-Projects closeout audits, CalTrans audits and audits of cost reimbursement contracts where travel is required to review the records.

In addition, MAS uses firms to supplement staff when a sudden influx of time sensitive audits exceeds available resources. Recently, the Corridor Projects required 82 audits to be completed within a very short time frame. MAS was able to locate technically qualified resources quickly from the bench to meet the agency's need to award contracts on the Corridor Projects.

Since these are multiple award agreements, no firm has been guaranteed any work. The recommended not to exceed amount of \$8,300,000, includes \$8,000,000 estimated for state and locally funded work, and \$300,000 estimated for federally funded work needed in the next five years. The projected services are based upon historical work outsourced for CPA services adjusted for services that have been identified for outsourcing in the FY08 audit plan.

FINANCIAL IMPACT

The funding of \$766,722 for professional services account 50316 is included in the FY08 budget of cost centers 2510 and 2517. Since this is a multi-year contract, the cost center managers, Chief Auditor, and other Executive Officers will be accountable for including the cost in future years' budgets, including any option years exercised. In FY07, a total of \$1,150,000 was expended on these services; \$750,000 by cost center 2510, and \$400,000 by other cost centers.

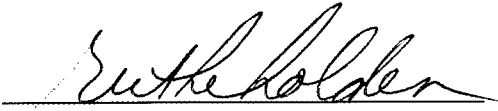
ALTERNATIVES CONSIDERED

The alternative would be to hire additional full-time staff to perform the audits. However, this alternative is not considered cost effective.

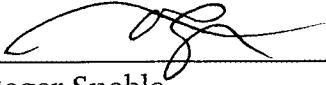
ATTACHMENT(s)

- A. Procurement Summary – State Funded
- A-1. Procurement History – State Funded
- A-2. List of Contractors – State Funded
- B. Procurement Summary – Federal Funded
- B-1. Procurement History – Federal Funded
- B-2. List of Contractors – Federal Funded

Prepared by: Anne M. Flores, Chief Administrative Analyst, MAS
Barbara Gatewood, Senior Contract Administrator



Ruthe Holden
Chief Auditor, Management Audit Services



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

**AUDIT BENCH
(STATE PROCUREMENTS)**

1.	Contract Number: PS02S-2510-15-01 thru -18 (see attachment A-1)		
2.	Recommended Vendor: See Attachment A-1		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: Hourly Rates	Recommended Price: \$8, 000, 000 NTE	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Hourly-Rate		
5.	Procurement Dates:		
	A. Issued: 03/06/2007		
	Advertised: 03/06/2007		
	C. Pre-proposal Conference: 03/14/2007		
	D. Proposals Due: 04/19/2007		
	E. Pre-Qualification Completed: 7/19/07		
	F. Conflict of Interest Form Submitted to Ethics: 8/27/07		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No Goal	Date Small Business Evaluation Completed: February 26, 2007	
	Small Business Commitment: See Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 150	Bids/Proposals Picked up: 30	Bids/Proposals Received: 20
8.	Evaluation Information:		
	A. Bidders/Proposers Names: List of Proposers - Attachment A-1	<u>Bid/Proposal Amount:</u> Hourly Rate	<u>Best and Final Offer Amount:</u> \$8,000,000 NTE
	B. Evaluation Methodology: Qualifications Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 09-25-07		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Barbara A. Gatewood	Telephone Number: 922-7317	
11.	Project Manager: Ruthe Holden	Telephone Number: 922-1031	

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

**AUDIT BENCH
(STATE PROCUREMENTS)**

A. Background on Contractor

Eighteen firms are recommended under the direction of Management Audit Services (MAS) to audit State procurements. Twelve of the firms were on the prior CPA bench. Six of the firms will be doing business with Metro as a contractor under the CPA bench for the first time. Of these 12 firms, two firms, Jefferson Wells and KPMG LLP have provided various types of services, (financial, informational technology) and independent audits of sensitive issues under separate procurements issued by Metro.

A-1 Table of recommended bench contractors

CONTRACT NO.	CONTRACTOR	PREVIOUS METRO EXPERIENCE IN PAST 5 YEARS
PS02S-2510-15-01	BDO Seidman, LLP	Yes
PS02S-2510-15-02	Chung & Chung Accountancy Corp. CPA's	No
PS02S-2510-15-03	James P. Richardson, CPA	No
PS02S-2510-15-04	Jefferson Wells	Yes
PS02S-2510-15-05	Jones & Company Professional Consultants	No
PS02S-2510-15-06	KNL Support Services	No
PS02S-2510-15-07	KPMG LLP	Yes
PS02S-2510-15-08	Lopez & Company, LLP	Yes
PS02S-2510-15-09	Macias Consulting Group, Inc.	Yes
PS02S-2510-15-10	Macias Gini & O'Connell LLP	Yes
PS02S-2510-15-11	Mayer Hoffman McCann P.C.	No
PS02S-2510-15-12	PM Chestang and Associates	No
PS02S-2510-15-13	Qiu Accountancy Corporation	Yes
PS02S-2510-15-14	Simpson & Simpson CPA's	Yes
PS02S-2510-15-15	Sox Solutions	No
PS02S-2510-15-16	Thompson, Cobb, Bazilio & Associates, P.C.	Yes
PS02S-2510-15-17	Vasquez & Company LLP	Yes
PS02S-2510-15-18	Wang Professional Corporation	Yes

James P. Richardson, CPA Firm is certified by Metro as a SBE. Prior experience in government auditing and has been in business over five years.

Jones and Company Professional Consultants is a new firm to Metro. Firm is certified by Metro as a SBE. Firm has prior experience in government auditing, and has been in business over five years.

Thompson, Cobb, Bazilio & Associates, P.C. has been in business since 1983. This firm has performed specialty audits for Metro and was a member of the prior audit bench. Performance in the prior audit bench was satisfactory.

KPMG LLP has been in business since 1987. This firm has performed numerous audits for Metro under separate contract with satisfactory performance. This is the first time that KPMG LLP will be a firm on the Audit Bench.

Macias Gini & O'Connell LLP has been in business since 1987. This firm has performed numerous audits for Metro demonstrating their ability to perform specialty audits. Performance under the prior audit bench was satisfactory.

Macias Consulting Group, Inc. formerly, Macias Gini and Company has been in business under its new company since 1992. Macias Consulting Group will provide consulting work for Metro. This firm has performed all types of specialty audits for Metro and its performance was concerned to be satisfactory.

Lopez and Company formerly Vargas, Lopez and Company LLP has been business for more than five years and has performed as a subcontractor to Pricewaterhouse Coopers supporting Metro audit bench requirements for than four years. Their performance is satisfactory. This firm is certified with Metro as a SBE.

Jefferson Wells is a consulting firm that provides specialized expertise in technology reviews and studies, and has done work under separate contracts in the past for Metro. The firm has been in business since 1995.

Chung and Chung Accountancy Corporation, CPA's is certified by Metro as a SBE. Firm has prior experience in government auditing, and has been in business over five years.

Wang Professional Corporation has been in business for more than five years. Wang has completed assignments for Metro, primarily audits concerning CalTrans. Wang's performance under the prior bench was satisfactory.

KNL Support Services specializes in performing audits for government agencies. This is the first time this firm will be a participant on the bench. The firm has prior experience in government auditing, and has been in business over five years.

Mayer Hoffman McCann P.C. specializes in performing audits for private and government agencies. The firm has prior experience in government auditing, and has been in business over five years.

Simpson and Simpson CPA's has been in business since 1976. This firm was on the prior audit bench. Performance under the prior audit bench was satisfactory.

Qiu Accountancy Corporation has been in business for more than five years. This firm specialized in providing audit services to government entities and has previously performed audits for MTA. This firm's prior work at Metro was satisfactory.

Sox Solutions is certified by Metro as a SBE. This firm specializes in performing audits for government agencies and has been in business for over five years. This is the first time this firm will be a participant on the bench.

PM Chestang and Associates is certified by Metro as a SBE. This firm has worked as a subcontractor for numerous contractors who have contracted with Metro. This firm has been in business for over five years.

BDO Seidman, LLP is a national full service CPA firm with offices located in Los Angeles, Orange County and across the United States. BDO Seidman, LLP is an accounting and consulting organization serving business and government agencies since 1910. This firm was on the prior audit bench and work was satisfactory.

Vasquez & Company LLP was founded in 1967. Vasquez & Company performed work under prior audit bench and the work was satisfactory.

B. Procurement Background

This Request for Proposal (RFP), in support of the Audit Bench, is a competitive procurement for securing the services of a Multiple Award (bench) of accountancy and risk assessment firms to supply financial, compliance audits, technology studies, and sensitive audits under task orders as directed by MAS on an as needed basis.

A 5 year (inclusive of 2 one-year options) Audit Bench Contract was previously awarded on March 28, 2002.

The RFP required that each firm submit its experience and qualifications; similar work performance as a firm; fully burdened labor rate; its preferred specialty and its availability as a contractor to work on Metro projects. Diversity and Economic Opportunity Department did not recommend a SBE Goal for this procurement.

C. Evaluation of Proposals

In accordance with the MTA Procurement Policies and Procedures the Source Selection Committee conducted a comprehensive technical evaluation of the proposals. The proposals were first reviewed to determine that the proposer met the minimum qualifications for this RFP as identified in the RFP section entitled Evaluation Criteria. Two proposers were non-responsive to the RFP requirements and were not reviewed beyond the preliminary evaluation.

The Source Selection Committee evaluated the remaining eighteen proposals for technical qualifications, clarifications, reference check information and fully burdened labor rates.

Fully burdened labor rates were evaluated for six labor categories by year for the first three years and each of the two one-year options. All 18 proposers are recommended for award based on the projected workload requirements of MAS.

D. Cost/Price Analysis Explanation of Variances

Each proposer submitted fully burdened labor rates and the rates have been determined to be fair and reasonable based on adequate price competition. Each individual task order will be competed and negotiated on either a Firm Fixed Price (FFP) or a Time and Material (T&M) basis and will comply with all requirements of Metro Procurement Policies and Procedures, including receipt of proposal for the specific task, a independent cost estimate and technical evaluation before the task order is awarded.

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

**AUDIT BENCH
(STATE PROCUREMENTS)**

CONTRACT NO.	CONTRACTOR	SBE PRIMES
PS02S-2510-15-01	BDO Seidman, LLP	
PS02S-2510-15-02	Chung & Chung Accountancy Corp. CPA's	YES
PS02S-2510-15-03	James P. Richardson, CPA	YES
PS02S-2510-15-04	Jefferson Wells International	
PS02S-2510-15-05	Jones & Company Professional Consultants, CPA	YES
PS02S-2510-15-06	KNL Support Services	
PS02S-2510-15-07	KPMG, LLP	
PS02S-2510-15-08	Lopez & Company LLP	YES
PS02S-2510-15-09	Macias Consulting Group, Inc.	
PS02S-2510-15-10	Macias Gini & O'Connell, LLP	
PS02S-2510-15-11	Mayer Hoffman Consulting	
PS02S-2510-15-12	PM Chestang	YES
PS02S-2510-15-13	Qiu Accountancy Corporation	YES
PS02S-2510-15-14	Simpson & Simpson CPA's	
PS02S-2510-15-15	Sox Solutions	YES
PS02S-2510-15-16	Thompson, Cobb, Bazilio & Associates	
PS02S-2510-15-17	Vasquez & Company LLP	
PS02S-2510-15-18	Wang Professional Corporation	

**BOARD REPORT ATTACHMENT B
PROCUREMENT SUMMARY
AUDIT BENCH
(FEDERAL PROCUREMENTS)**

1.	Contract Number: PS02F-2510-15-01 thru -17 (see attachment B-1)		
2.	Recommended Vendor: See attachment B-1		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: Hourly rates	Recommended Price: \$300,000 NTE	
	B. Details of Significant Variances are in Attachment B-1.D		
4.	Contract Type: Contract with Fixed Hourly Rates		
5.	Procurement Dates:		
	A. Issued: 03/06/07		
	B. Advertised: 03/06/07		
	C. Pre-proposal Conference: 03/14/07		
	D. Proposals Due: 04/19/07		
	E. Pre-Qualification Completed: Pending – 07/19/07		
	F. Conflict of Interest Form Submitted to Ethics: 8/27/07		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 25% Disadvantaged Business Enterprise Anticipated Level of Participation (DALP)	Date Small Business Evaluation Completed: February 23, 2007	
	Small Business Commitment: See Attachment B-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 150	Bids/Proposals Picked up: 30	Bids/Proposals Received: 19
8.	Evaluation Information:		
	A. Bidders/Proposers Names: List of Proposers - Attachment B-1	Bid/Proposal Amount: Hourly Rate	Best and Final Offer Amount: \$300,000 NTE
	B. Evaluation Methodology: Qualifications Details are in Attachment B-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 09/25/07		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Barbara A. Gatewood	Telephone Number: 922-7317	
11.	Project Manager: Ruthe Holden	Telephone Number: 922-1031	

**BOARD REPORT ATTACHMENT B-1
PROCUREMENT HISTORY
AUDIT BENCH
(FEDERAL PROCUREMENTS)**

A. Background on Contractor

Seventeen firms are recommended for the Audit Bench – Federal Procurement. Ten of the firms were on the prior Audit Bench. Seven of the firms will be doing business with Metro for the first time as a contractor under the Audit bench. Of these ten firms, two firms, KPMG LLP and Jefferson Wells have provided various types of services, (financial, informational technology) and independent audits of sensitive issues under separate procurements issued by Metro.

B-1 Table of recommended bench contractors

CONTRACT NO.	CONTRACTOR	PREVIOUS METRO EXPERIENCE IN PAST 5 YEARS
PS02F-2510-15-01	BDO Seidman, LLP	Yes
PS02F-2510-15-02	Chung & Chung Accountancy Corp., CPA's	No
PS02F-2510-15-03	James P. Richardson, CPA	No
PS02F-2510-15-04	Jefferson Wells	No
PS02F-2510-15-05	Jones & Company Professional Consultants, CPA	No
PS02F-2510-15-06	KNL Support Services	No
PS02F-2510-15-07	KPMG LLP	Yes
PS02F-2510-15-08	Lopez & Company LLP	Yes
PS02F-2510-15-09	Macias Consulting Group, Inc.	Yes
PS02F-2510-15-10	Macias Gini & O'Connell LLP	Yes
PS02F-2510-15-11	Mayer Hoffman McCann P.C.	No
PS02F-2510-15-12	PM Chestang and Associates	No
PS02F-2510-15-13	Qiu Accountancy Corporation	Yes
PS02F-2510-15-14	Simpson & Simpson CPA's	Yes
PS02F-2510-15-15	Thompson Cobb Bazilio, & Associates, P.C.	Yes
PS02F-2510-15-16	Vasquez & Company LLP	Yes
PS02F-2510-15-17	Wang Professional Corporation	Yes

James P. Richardson, CPA is a new firm to Metro. Firm is certified by Metro as a DBE. Firm has prior experience in government auditing, and has been in business for over five years.

Jones and Company Professional Consultants is a new firm to Metro. Firm is certified by Metro as a DBE. Firm has prior experience in government auditing, and has been in business for over five years.

Jefferson Wells is a consulting firm that provides specialized expertise in technology reviews and studies. Jefferson Wells has worked for Metro under separate procurements. Performance on previous contracts was satisfactory. This firm has been in business for over five years.

Thompson, Cobb, Bazillo & Associates, P.C has been in business since 1983. This firm has performed specialty audits for Metro and was a member of the prior audit bench. Performance in the prior audit bench was satisfactory.

KPMG LLP has been in business since 1987. This firm has performed numerous audits for Metro under separate contract with satisfactory performance. This is the first time that KPMG LLP will be a firm under the Audit Bench.

Macias Gini and O'Connell, LLP has been in business since 1987. This firm has performed numerous audits for Metro demonstrating their ability to perform specialty audits. Performance under the prior audit bench was satisfactory.

Macias Consulting Group, Inc. formerly, Macias Gini and Company has been in business under its new company since 1992. Macias Consulting Group will provide consulting work for Metro. This firm has performed all types of specialty audits for Metro and its performance was concerned to be satisfactory.

Lopez and Company formerly Vargas, Lopez and Company LLP has been business for more than five yeas and have performed as a subcontract to Pricewaterhouse Coopers supporting Metro audit bench requirements for than four years. Their performance is satisfactory. This firm is certified with Metro as a DBE, and has been in business for over five years.

Chung and Chung Accountancy Corporation, CPA's Firm is certified by Metro as a DBE. Firm has prior experience in government auditing and has been in business for over five years.

Wang Professional Corporation has been in business for more than five years. Wang has completed assignments for Metro, primarily audits concerning CalTrans projects. Wang's performance under the prior bench was satisfactory.

KNL Support Services is certified by Metro as a DBE. This firm specializes in performing audits for government agencies. This is the first time this firm will be a participant on the bench. Firm has prior experience in government auditing, and has been in business for over five years.

Mayer Hoffman McCann P.C. specializes in performing audits for private and government agencies. Firm has prior experience in government auditing and has been in business for over five years.

Simpson and Simpson CPA's has been in business since 1976. This firm was on the prior audit bench. Performance under the prior audit bench was satisfactory.

Qui Accountancy Corporation has been in business for more than five years. This firm specialized in providing audit services to government entities and has previously performed audits for MTA. This firm's prior work at Metro was satisfactory. This firm is certified as a DBE with Metro.

PM Chestang and Associates is certified by Metro as a SBE. This firm has worked as a subcontractor for numerous contractors who have contracted with Metro. This is the first time this firm will be a participant on the bench. This firm has been in business for over five years.

BDO Seidman, LLP is a national full service CPA firm with offices located in Los Angeles, Orange County and across the United States. BDO Seidman, LLP is an accounting and consulting organization serving business and government agencies since 1910. This firm was on the prior audit bench and work was satisfactory.

Vasquez & Company LLP was founded in 1967. Vasquez & Company performed work under prior audit bench and work was satisfactory.

B. Procurement Background

This Request for Proposal (RFP), in support of the Audit Bench, is a competitive procurement for securing the services of a Multiple Award (bench) of accountancy and consulting firms to supply financial, compliance audits, technology studies, and sensitive audits under task orders as directed by Management Audit Services on an as needed basis.

A five-year (inclusive of two one-year options) Audit Bench Contract was previously awarded on March 28, 2002.

The RFP required that each firm submit its experience and qualifications; similar work performance as a firm; fully burdened labor rate; its preferred specialty and its availability as a contractor to work on Metro projects.

Diversity and Economic Opportunity Department recommends a DALP of 25% for this procurement. Achieving the DALP percentage is encouraged and is not a condition of award, nor an issue of responsiveness.

C. Evaluation of Proposals

In accordance with the MTA Procurement Policies and Procedures the Source Selection Committee conducted a comprehensive technical evaluation of the proposals. The proposals were first reviewed to determine that the proposer met the minimum qualifications for this RFP as identified in the RFP section entitled Evaluation Criteria. Two of the twenty proposals were considered non-responsive to the RFP requirements and were not reviewed beyond the preliminary evaluation.

The Source Selection Committee evaluated the remaining seventeen proposals for technical qualifications, clarifications, reference check information and fully burdened labor rates. Fully burdened labor rates were evaluated for six labor categories by year for the first three years and each of the two one-year options. All 17 proposers are recommended for award based on the projected workload requirements of MAS.

D. Cost/Price Analysis Explanation of Variances

Each proposer submitted fully burdened labor rates and the rates have been determined to be fair and reasonable based on adequate price competition. Each individual task order will be competed and negotiated on either a Firm Fixed Price (FFP) or a Time and Material (T&M) basis and will comply with all requirements of MTA Procurement Policies and Procedures, including receipt of proposal for the specific task, a independent cost estimate and technical evaluation before the task order is awarded.

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

**AUDIT BENCH
(FEDERAL PROCUREMENTS)**

CONTRACT NO.	CONTRACTOR	DBE PRIMES	DBE Commitment %
PS02F-2510-15-01	BDO Seidman LLP	NO	25%
PS02F-2510-15-02	Chung & Chung Accountancy Corp., CPS's	YES	100%
PS02F-2510-15-03	James P. Richardson, CPA	YES	100%
PS02F-2510-15-04	Jefferson Wells International	NO	25%
PS02F-2510-15-05	Jones & Company Professional Consultants, CPA	YES	100%
PS02F-2510-15-06	KNL Support Services	YES	100%
PS02F-2510-15-07	KPMG, LLP	NO	25%
PS02F-2510-15-08	Lopez & Company LLP	YES	100%
PS02F-2510-15-09	Macias Consulting Group, Inc.	NO	25%
PS02F-2510-15-10	Macias Gini & O'Connell, LLP	NO	25%
PS02F-2510-15-11	Mayer Hoffman Consulting	NO	25%
PS02F-2510-15-12	PM Chestang	NO	25%
PS02F-2510-15-13	Qiu Accountancy Corporation	YES	100%
PS02F-2510-15-14	Simpson & Simpson CPA's	NO	25%
PS02F-2510-15-15	Thompson, Cobb, Bazilio & Associates	NO	25%
PS02F-2510-15-16	Vasquez & Company LLP	NO	25%
PS02F-2510-15-17	Wang Professional Corporation	NO	25%