

**SUBJECT**

*Financial Audit and Single Audit Services (Staff Representative: Lisa Patton)*

**RECOMMENDED ACTION**

*To authorize the President and CEO to enter into a three-year contract with two, one-year options with Windes, Inc., to perform financial audit and Single Audit services, for a total authorization amount not to exceed \$480,900.*

**BACKGROUND**

Long Beach Transit (LBT) is required to perform an annual financial audit and Single Audit in adherence with federal, state and local funding regulations, such as those specified by the Federal Transit Administration (FTA), California Department of Transportation (Caltrans) and Los Angeles County Metropolitan Transportation Authority (Metro) in its role as the Regional Transportation Planning Agency.

A Single Audit Report is completed in accordance with the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The objective of the audit is to test internal control over compliance with major federal program requirements and determine whether LBT is in compliance with laws, regulations and grant requirements that may have a direct and material effect on its major federal awards.

A Single Audit is a rigorous, agency-wide examination of an entity that expends \$750,000 or more of federal funds. To prepare these audits, LBT seeks the services of an external and independent Certified Public Accounting (CPA) firm to perform the annual financial audit and mandated annual Single Audit.

The information resulting from the annual financial audit and Single Audit is included in LBT's Comprehensive Annual Financial Report (CAFR).

**PROCUREMENT**

In preparation for the expiration of the current audit services contract, LBT issued a Request for Proposal (RFP) to several qualified firms.

LBT received four proposals which were reviewed for technical experience and qualifications, project understanding and approach, team organization and pricing.

Windes, Inc., located in Long Beach, California, received the highest score and provided the best overall value for the required audit services.

Moreover, Windes, Inc., was found to be responsive and responsible by LBT's Purchasing department at a price of \$272,000 for the first three years, with two, one-year options for a five-year total amount not to exceed \$480,900.

**DBE/SBE PARTICIPATION**

A Small Business Enterprise (SBE) goal of five percent was established for the solicitation. Windes, Inc., successfully met the established goal and passed Good Faith Efforts (GFE) by utilizing Voppell, Inc., a SBE-certified firm, to assist with the annual financial statement and OMB Uniform Guidance audits for LBT.

**ALTERNATIVES CONSIDERED**

Four proposals were received and Windes, Inc., provided the best solution for LBT's established specifications.

Moreover, the financial audit and Single Audit services are annually required to be performed by an external and independent CPA firm. Therefore, no alternative course of action exists. The findings from these audits are used to meet the agency's funding requirements, lack of audit services would impede LBT's ability to seek and obtain funding.


**BUDGETARY/FISCAL IMPACT**

Staff is requesting LBT's Board of Directors to authorize the President and CEO to enter into a three-year contract with two, one-year options with Windes, Inc., to perform financial audit and Single Audit services, for a total authorization amount not to exceed \$480,900.

The cost breakdown for the contract would be as follows:

<b>Contract Year</b>	
Contract Year One	\$ 90,000
Contract Year Two	\$ 90,000
Contract Year Three	\$ 92,000
<b>Option Year</b>	
Option Year One	\$ 92,000
Option Year Two	\$ 94,000
<b>5% Contingency</b>	\$ 22,900
<b>Total</b>	<b>\$480,900</b>

Funds for the first year of the contract were previously approved in the Fiscal Year 2020 Operating Budget, and funding for subsequent years will be included in future operating budgets.




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 Kenneth A. McDonald  
 President and Chief Executive Officer