

MOTION NO. M2018-158
Contract for Financial and Federal Audit Services

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	12/06/2018	Final Action	Tracy Butler, CFO Kelly Priestley, Deputy Executive Director of Financial Operations

PROPOSED ACTION

Authorizes the chief executive officer to execute a three-year contract, with two one-year options to extend, with Moss Adams LLP to provide independent financial audit, attestation, and advisory services, for a total authorized contract amount not to exceed \$2,500,000, contingent upon Board approval of the 2019 Budget.

KEY FEATURES SUMMARY

- Under this contract, Moss Adams, LLP will complete the following:
 - Audit of year-end financial statements, including an audit of A-133 Single Audit federal compliance.
 - Agreed-upon procedures on the agency’s annual national transit database report and the agency’s annual report on subarea equity.
 - Year-end financial statement audits for the One Regional Card For All (ORCA) system administered by Sound Transit as the fiscal agent for ORCA.
- The contract provides for additional attestation accounting and advisory services that may be required in the performance of the Auditor’s responsibilities such as an audit over the use of funds for Green Bond issuances, awareness letters for debt issuance, analysis of new accounting pronouncements, analysis of accounting treatment for complex transactions and other small scope audits (for example, retirement plan audits).
- The requested amount provides enough funding for the three-year contract and the two one-year options to extend.

BACKGROUND

Sound Transit is required to submit annual audited financial information in its capacity as a borrower of bonds, recipient of federal funds, and to comply with National Transit Database (NTD) reporting requirements and under Washington State law. The agency’s voter-approved Sound Move, ST2, and ST3 plans also set forward a monitoring requirement over subarea financial reporting.

Moss Adams, LLP is one of the 15 largest US accounting and consulting firms and is headquartered in Seattle and has deep experience in the audits of government and has conducted audits for many transit agencies including King County Metro, Community Transit, Tacoma Rail, Southern California Regional Rail Authority (Metrolink), TriMet, and Alameda Corridor Transportation Authority. They also have significant experience with A-133 Single Audits required for all recipients of funding from the Federal Transit Administration, and audits of NTD reporting. Additionally, they have audited the property and equipment in use by transit agencies, including lease and leaseback transactions involving buses and rail cars.

PROCUREMENT INFORMATION

Sound Transit's existing contract for independent financial and federal audit services expires at the beginning of January 2019. In August 2018, Sound Transit advertised a new Request for Proposals (RFP) for audit services of which four proposals were received. Moss Adams, LLP is recommended by the evaluation committee as the best value proposal submitted.

FISCAL INFORMATION

The proposed action will execute a new contract with Moss Adams, LLP beginning January 2019, for up to five years for a total amount not to exceed \$2,500,000. Funding for 2019 is included in the proposed 2019 Finance Department budget. Funding for the additional years of the contract will be included in subsequent annual operating budgets submitted to the Board.

Finance Department

(in thousands)

Cost Category	2019 Proposed Operating Budget ¹	YTD Actuals	This Action (2019 Impact Only)	YTD Actuals Plus Action (2019 Year Only)	Remaining Annual Operating Budget
Salaries and Benefits	\$11,256	\$	\$	\$	\$11,256
Services	5,953		400	400	5,553
Materials and Supplies	194				194
Utilities	45				45
Insurance	8,149				8,149
Miscellaneous	272				272
Leases and Rentals	14				14
Total Annual Operating Budget	\$25,883	\$	\$400	\$400	\$25,483

Contract Spending Plan	Forecasted Spend for Remainder of			Total
	Spending to Date	2019	Future Spending	
Moss Adams LLP	\$	\$400	\$2,100	\$2,500

Contract Detail	Board Approved Contract Value	Proposed Action	Proposed Revised Board Approved Contract Value
Moss Adams LLP	\$	\$2,500	\$2,500
Contingency			
Estimated Taxes			
Contract Amount - Total	\$	\$2,500	\$2,500
Percent Contingency	0%	0%	0%

Notes:

¹ 2019 Proposed Operating Budget is located on page 82 of the Proposed 2019 Budget book.

2019 Proposed Operating Budget is pending board adoption.

SMALL BUSINESS PARTICIPATION

Moss Adams, LLP is the prime auditor for this contract. Moss Adams, LLP is committed to a 15% Small Business goal on the annual audit engagement. Branch Richards & Co will participate on the financial, federal A-133, and National Transit Database audit.

Small Business and DBE Goals

Sound Transit Goal: 15%

Small Business: 15%

Commitment:

Small Business: 15%

Subconsultant/Subcontractor	Business Type	% of Work	Amount
Branch Richards & Co., PS	DBE	15%	\$264,540
Total		15%	\$264,540

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

The current financial and federal audit services contract expires early January 2019. A delay past that date would result in a lapse of service by the auditor to perform audit work and meet required deadlines for reporting to external agencies and bondholders.

PRIOR BOARD/COMMITTEE ACTIONS

None.

ENVIRONMENTAL REVIEW

KH 11/29/18

LEGAL REVIEW

AJP 11/30/2018

MOTION NO. M2018-158

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a three-year contract, with two one-year options to extend, with Moss Adams LLP to provide independent financial audit, attestation, and advisory services, for a total authorized contract amount not to exceed \$2,500,000, contingent upon Board approval of the 2019 Budget.

BACKGROUND:

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MOTION:

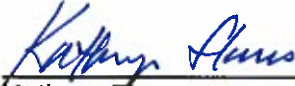
It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a three-year contract, with two one-year options to extend, with Moss Adams LLP to provide independent financial audit, attestation, and advisory services, for a total authorized contract amount not to exceed \$2,500,000, contingent upon Board approval of the 2019 Budget.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 6, 2018.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Board Administrator