

**REGIONAL TRANSIT AUTHORITY**

**MOTION NO. 98-8  
AUDIT SERVICES CONTRACT  
BACKGROUND AND COMMENTS**

<b>Meeting:</b>	<b>Date:</b>	<b>Agenda Item:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
<b>Finance Committee</b>	<b>1/15/98</b>	<b>Audit Services</b>	<b>Jan Hendrickson</b>	<b>689-3148</b>
<b>Executive Committee</b>	<b>1/16/98</b>	<b>Contract</b>	<b>Hugh Simpson</b>	<b>684-1717</b>

**ACTION:**

A motion of the Executive Committee of the Regional Transit Authority to authorize execution of a contract for Audit Services with Deloitte & Touche LLP for a three year period, in an amount not to exceed \$300,000. The RTA has competitively procured these services.

**BACKGROUND:**

As a new and expanding agency, the RTA requires the services of an outside auditor to perform its annual financial and performance audits. Annual audits are necessary in order to ensure the public that the RTA is being held accountable and is meeting the commitments contained within the adopted financial policies and Sound Move. Procurement of outside audit services is required in order to meet the technical needs of the Agency and the deadlines established by the RTA for the Citizen Oversight Panel's evaluation.

Historically, in the State of Washington, smaller political sub-divisions have relied primarily on the State Auditor's Office for the provision of audit services. Larger entities and especially special purpose governments, on the other hand, have the common practice of retaining independent audits for their audit work. The role of the State Auditor's Office is then to review the independent auditor's work papers and audit report. The office then issues a standard audit report. This practice also addresses the very real issue of the State Auditor's Office's capacity to perform timely and complex audits.

The RTA's technical and policy requirements, driven by its aspects as a special purpose government, by the adopted financial policies and by the high volume of transactions, necessitate the use of independent auditors. The State Auditor's Office is also not able to meet the RTA's requirement for a timely audit (to be provided to COP for their evaluation). In addition, the State Auditor's Office currently does not perform performance audits, a commitment made within the adopted financial policies. Therefore, an outside auditor is the only option.

**FUNDING:**

Combined costs for the Audit Services contract shall not exceed \$300,000 over the initial three-year period. Funding for the 1997 audit services is included within the 1998 Finance and Administration departmental budget in the Accounting/Treasury Services Division.

**CONSEQUENCES OF DELAY:**

Not completing the 1997 financial audit timely to allow for review by the Citizen Oversight Panel at the end of the 1<sup>st</sup> quarter 1998.

**Regional Transit Authority**  
**Motion No. 98-8**

A motion of the Executive Committee of the Regional Transit Authority for the Pierce, King and Snohomish Counties authorizing the Executive Director to execute a three-year contract for independent audit services, in an amount not to exceed \$300,000.

**Background:**

As a new and expanding agency, the RTA requires the services of an outside auditor to perform its annual financial and performance audits. Annual audits are necessary in order to ensure the public that the RTA is being held accountable and is meeting the commitments contained within the adopted financial policies and Sound Move. Procurement of outside audit services is required in order to meet the technical needs of the Agency and the deadlines established by the RTA for the Citizen Oversight Panel's evaluation.

**Motion:**

It is hereby moved by the Executive Committee of the Regional Transit Authority that the Executive Director be authorized to execute a contract for independent Audit Services with Deloitte Touche LLP for a three year period, in an amount not to exceed \$300,000.

Approved by the Executive Committee of the Regional Transit Authority for the Pierce, King, and Snohomish Counties region at a regular meeting thereof on the Sixteenth day of January, 1998.



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Bob Drewel  
Board Chair

ATTEST:



Marcia Walker  
Board Administrator