

MOTION NO. M2015-52

Contract Amendment for On-Call Audit Services

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	06/04/2015	Final Action	Michael Harbour, Acting Chief Executive Officer David Hammond, Internal Audit Director

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with Miller & Miller, P.S. in the amount of \$172,633 with a 17.5% contingency of \$30,367, totaling \$203,000, for a new total authorized contract amount not to exceed \$353,000 to add a performance audit of Sound Transit's Construction Quality Assurance and Quality Control program.

KEY FEATURES SUMMARY

- The original contract with Miller & Miller, P.S. was executed under the chief executive officer's authority as a two year contract, with two one-year options. Both option years have been executed, extending the contract term through May 20, 2016.
- This contract amendment will provide additional funding to complete the Construction Quality Assurance and Quality Control program audit.
- Performance audit topics are selected by the Sound Transit Audit and Reporting Committee. In 2014, the Committee selected the Construction Quality Assurance and Quality Control program as the subject of the 2015 performance audit.
- Following the selection by the Committee, the audit scope was refined by an oversight committee comprised of representatives from Internal Audit, Design, Engineering and Construction Management (including Project Management and Design representatives), and the Safety & Quality Assurance Division.
- The amount requested under this contract amendment is sufficient to complete the audit based on the scope developed by the oversight committee.

BACKGROUND

The Sound Transit Internal Audit Division is chartered to perform or oversee internal audits, performance audits, and third-party contract audits. Performance audit topics are selected by the Audit and Reporting Committee for years when a separate performance audit will not be performed by the State Auditor's Office. In 2014, the Audit and Reporting Committee elected to audit the Sound Transit Construction Quality Assurance and Quality Control program.

Under this contract amendment, Miller & Miller, P.S. will conduct a performance audit on Sound Transit's Construction Quality Assurance and Quality Control (QA/QC) Program. The audit will be carried out in accordance with *Government Auditing Standards*. The audit will focus on three projects that are representative of future work, the University Link Extension, the S. 200th Link Extension and the Northgate Link Extension, specifically contract N125, Tunnel Boring Machine Tunnels – UW to maple Leaf Portal. These projects include recent application of alternative public work contracting methodologies.

There are three audit objectives:

1. Evaluate Agency Quality Assurance and Quality Control (QA/QC) program as it applies to the Construction Phase of the agency's capital program with respect FTA funding agreement requirements.
2. Identify opportunities to improve QA/QC program effectiveness, including analysis of alternatives, analysis of all QA/QC roles & responsibilities within Sound Transit, and comparison to industry standards, peer agencies or other sources of best practices.
3. Provide recommendations to position the agency QA/QC program for maximum effectiveness, within the context of the agency's significant capital construction program, while ensuring compliance with FTA and state regulations.

The amount requested under this contract amendment is sufficient to complete the audit based on the scope developed by an oversight committee comprised of representatives from Internal Audit, Design, Engineering and Construction Management (including Project Management and Design representatives), and the Safety & Quality Assurance Division.

FISCAL INFORMATION

This action executes a contract amendment with Miller & Miller, P.S. to conduct a performance audit. This action is within the adopted budget and sufficient monies remain after approval of this action to fund the remaining services as contained in the current year department budget.

Current Year Budget	Adopted 2015 Budget	Spent to date 2015	Contract Expenditures	Remaining 2015 Budget
Executive Dept Consultant/Management Svcs	1,794	66	220	1,508

Contract Spending Plan	Prior Year(s) Spending	Expected 2015 Spending	Future Expenditures	Total
Millier & Miller, P.S.	133	220	-	353

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Millier & Miller, P.S.	150	133	173	323
Contingency	-	-	30	30
Total Contract	150	133	203	353
Percent Contingency	0%	0%	18%	9%

Notes:

Budget for this item is in the Executive Department staff budget within the services category, and is located on page 85 of 182 of the Adopted 2015 Budget book.

SMALL BUSINESS/DBE PARTICIPATION

Sound Transit determined that Small Business and DBE subcontracting opportunities are infeasible or improbable based upon the work described in this contract, so Small Business/DBE goals were not established or required.

For this contract, the following Small Business Participation commitments were made:

Small Business: 51.2%

Subconsultant/Subcontractor	Business Type	% of Work	Amount
QEI	Small Business	51.2%	\$112,464
Total		51.2%	\$112,464

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one month delay will not create a significant impact to the project schedule.

ENVIRONMENTAL REVIEW

JI 5/22/2015

LEGAL REVIEW

JW 5/28/2015

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A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with Miller & Miller, P.S. in the amount of \$172,633 with a 17.5% contingency of \$30,367, totaling \$203,000, for a new total authorized contract amount not to exceed \$353,000 to add a performance audit of Sound Transit's Construction Quality Assurance and Quality Control program.

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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 contract amendment with Miller & Miller, P.S. in the amount of \$172,633 with a 17.5% contingency of \$30,367, totaling \$203,000, for a new total authorized contract amount not to exceed \$353,000 to add a performance audit of Sound Transit's Construction Quality Assurance and Quality Control program.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 4, 2015.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Board Administrator