



## SACOG Board of Directors

April 8, 2009

### Authorize a Contract for Financial Audit Services

**Issue:** To authorize the Executive Director to negotiate and execute a contract with Macias Gini & O'Connell, LLP, to provide independent financial audit services to SACOG.

**Recommendation:** That the Board of Directors authorize the Executive Director to negotiate and execute an agreement with Macias Gini & O'Connell, LLP, to provide independent financial audit services to SACOG and all Transportation Development Act claimants.

**Committee Action/Discussion:** The Government Relations & Public Affairs Committee recommends that the Executive Director be authorized to negotiate and execute a contract with a firm for financial audit services. At the time of the committee meeting a firm had not been recommended by the proposal review committee.

A request for proposal (RFP) was issued in February for independent audit services for SACOG and the Transportation Development Act claimants. The TDA audits include full financial audits for Sacramento Regional Transit District (SRTD), Yolo County Transportation District (YCTD), Yuba-Sutter Transit (YST), Paratransit, and University Transport System of the University of California at Davis (Unitrans) and fund audits for all city and county TDA recipients in Sacramento, Sutter, Yolo and Yuba counties. Also included as part of the RFP was the audit of the SRTD pension plans, for which SACOG has traditionally paid the cost, because staff at SACOG and SRTD felt the best cost results would be achieved by incorporating it into the larger RFP. Historically, these audit contracts have been awarded in three segments, SACOG, SRTD (including the pension audit), and the TDA recipients. With this RFP staff felt there would be a broader range of firms willing to propose on the work and that greater administrative and cost efficiencies would be achieved if the work was proposed as all inclusive.

Five responses were received. The review committee was comprised of SACOG and SRTD staff, and Yuba City. Two small transit operators were invited to review, however, for various reasons were not able to participate. The proposals were judged on understanding of the background and requirements of the audits; overall technical approach to the audits; allocation of resources in terms of quality and quantity to key tasks, including time and skills of staff assigned to each task; education and experience of assigned staff; and cost analysis and justification. The review committee reached a decision to recommend to the Executive Director and the Board, that Macias, Gini & O'Connell, LLP, (MGO) be awarded the contract.

MGO's proposed cost for all the audits included in the RFP for fiscal year 2008-09 is \$290,655, of which \$29,750 will be reimbursed by the SRTD pension plans. The proposed Overall Work Program budget included \$300,000 for the all the audits. The proposed cost for fiscal year 2009-10 is \$300,829, of which \$30,791 is for the SRTD pension plan audit; and for fiscal year 2010-2011 is \$311,357, of which \$31,869 is for the SRTD pension audits. Total amount proposed for all three years for all the audits is \$902,841, of which \$92,410 will be reimbursed by the SRTD pension plans. Given this uncertain budget environment, we expect to negotiate the contract in a fashion such that SACOG will award a three-year contract, but will have the option to cancel the contract after any single year.

Approved by:

Mike McKeever  
Executive Director

MM:KW:pm

Key Staff: Karen Wilcox, Director of Finance (916) 340-6210

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