

Date: April 26, 2017

To: Board of Directors

From: Neil McFarlane *Neil McFarlane*

Subject: RESOLUTION 17-04-34 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH MOSS ADAMS, LLP FOR INDEPENDENT AUDIT SERVICES

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract with Moss Adams, LLP (Moss) for Independent Audit Services (Services).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required for personal services contracts obligating TriMet to pay in excess of \$150,000.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

The integrity of TriMet’s system of internal controls and financial reporting is of paramount importance to the many stakeholders that rely on TriMet’s financial information. Stakeholders include, but are not limited to bondholders, the Federal Transit Administration (FTA), various project funding partners, taxpayers, transit riders, employees, and the Board of Directors. Annual audits by recognized and well-respected independent certified public accounting firms have always been an important element of TriMet’s system of internal controls and financial reporting.

Historically, TriMet has contracted with major national accounting firms to perform annual audits. With the passage of the Sarbanes-Oxley Act of 2002, major accounting firms have concentrated their practices on major publicly traded companies as well as private companies and Sarbanes-Oxley compliance work rather than governmental auditing. Due to these changes, TriMet, as well as other government agencies, has not received proposals from the

major accounting firms, Deloitte, Price Waterhouse Coopers, Ernst & Young, and KPMG; also referred to as the Big 4 firms.

Since TriMet's inception, the following accounting firms have been awarded contracts to perform the annual audits.

- 1969 to 1972 Savage & Company
- 1973 to 1982 Coopers & Lybrand
- 1983 to 1987 Price Waterhouse
- 1988 to 1999 KPMG Peat Marwick
- 1999 to 2001 Arthur Anderson until 2002 Northwest practice merged with KPMG
- 2002 to 2006 KPMG
- 2007 to 2011 Moss Adams
- 2012 to 2017 Moss Adams

6. Procurement Process

TriMet conducted a competitive Request for Proposals (RFP) process to select a contractor to provide the Services. The RFP was issued on March 10, 2017, and posted on TriMet's vendor registration website, eBidexchange. Eleven firms downloaded a copy of the RFP. Proposals were due on March 30, 2017. TriMet received proposals from Eide Bailly, LLP and Moss Adams, LLP.

An evaluation committee (EC) comprised of staff from the Financial Services Department and General Manager's Office convened on April 6, 2017, to review the technical proposals of the two firms. Proposal evaluation was based on the criteria published in the RFP and included firm and team qualifications, project understanding and approach, and project timeline. The firms were ranked based on their technical merits and then the price proposals were opened and scored. At the conclusion of the evaluation, it was determined that, even though Moss was not the least expensive proposer, the EC scored them higher on their technical proposal.

Criterion (points)	Eide Bailly	Moss Adams
TECHNICAL (75)		
Firm & Team Qualifications (35)	29	34
Project Understanding & Approach (30)	25	27
Project Timeline (10)	9	10
TECHNICAL SCORE	63	71
PRICE	\$205,230.00	\$228,327.00
PRICING (25)	25	22
TOTAL SCORE	88	93

The term of the contract will be for a one (1) base year with four (4) additional one (1) year options. The total amount of the contract for the five year term is estimated to be \$1,212,220. Moss's annual price for the first year of the proposed contract is \$228,327. Pricing is based on individual reports that Moss Adams will provide as a result of annual audit activities. Price adjustments will be allowed, but will be capped at the Consumer Price Index for the Portland-Salem area. The total contract price was calculated using the base year pricing and adding a 3% escalation factor for each subsequent year.

7. Diversity

Moss intends to self perform all work under this contract. Their current workforce is comprised of 53% female and 21% minority employees

8. Financial/Budget Impact

The Services are included in the Finance and Administration Division's budget.

9. Impact if Not Approved

Audit work must begin in May in order to meet the stringent deadlines for the various reports to be submitted. Re-procurement of this contract would not allow the contractor to meet the financial deadlines set forth in the scope of services.

RESOLUTION 17-04-34

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH MOSS ADAMS, LLP FOR INDEPENDENT AUDIT SERVICES

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Moss Adams, LLP for Independent Audit Services; and

WHEREAS, the total amount of the Contract shall exceed \$150,000; and

WHEREAS, the TriMet Board of Directors (Board), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$150,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Contract.

Dated: April 26, 2017

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department