



DATE May 13, 2015
TO GCTD Board of Directors
FROM Marlena Kohler, Purchasing Manager/DBE Officer
SUBJECT **Consider Approval of Contract Award to The Pun Group for Financial Audit Services**

I. EXECUTIVE SUMMARY

A competitive bid process for Financial Audit Service began with the issuance of Request for Proposal (RFP) 15-01 on February 25, 2015. The purpose of this RFP was to identify and select an independent certified public accounting firm to annually review GCTD's financial records on a fiscal year basis and provide an annual report to the Board. The services are for a three (3) year base period contract with two one-year option years.

The RFP was publicized on our website and on the Public Purchase website, and those on the Bidder's list for the previous RFP were also notified. Seven (7) proposals were received. All proposals were considered responsive. An evaluation team independently evaluated and scored each proposal. At the conclusion of the evaluation process, The Pun Group received the highest score overall. Their proposal is considered fair and reasonable based on adequate competition.

It is recommended the Board of Directors authorize award of a contract for Financial Audit Services to The Pun Group in an amount not-to-exceed \$150,000 for the initial three year period and for the two additional one-year option periods.

II. BACKGROUND INFORMATION

The District requires that an audit of all GCTD funds be conducted annually by an independent Certified Public Accounting firm. GCTD's practice has been to obtain a multi-year contract for auditing services with option renewal provisions. This procurement will provide for a three year contract with renewal options for two additional years. The first contract year will commence May 13, 2015 and end April 30, 2016, with the audit covering activity during the period from July 1, 2014 to June 30, 2015.

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GOLD COAST TRANSIT DISTRICT

The RFP was publicized on our website, on the Public Purchase website and those on the previous RFP's Bidder's list were also notified. Over thirty (30) firms accessed our RFP.

The RFP required each firm to submit general background, firm experience and technical expertise, audit approach, information of the engagement team to be assigned to GCTD, and references.

Seven (7) proposals were received. All proposals were considered responsive even though there was a wide separation in offered prices. The regulations require evaluation and selection based on a combination of qualifications, such as proposed work plan and price.

An evaluation committee consisting of Steve Brown, General Manager, Steve Rosenberg, Director of Finance and Administration and Lili Marlene Tomen, Accounting Manager conducted the technical evaluation. Separately, each committee member evaluated and scored the submissions using the evaluation criteria identified in the RFP and listed below in their relative order of importance:

- Technical Ability
 - Qualification of firm in local government auditing, especially transit related
 - Qualifications and availability of assigned staff including local governmental audit experience
 - Demonstrated understanding of the engagement
 - Acceptability of audit approach
 - Ability to initiate FY 14-15 audit activities almost immediately upon receiving the award
- Price of Service
- Performance
- Financial Capacity

The overall evaluation based on a weighted point system allocated 100 points to Financial Capacity, 100 points to Performance, 300 points to technical ability and 200 points to price for a total 700 points possible per evaluator. Following are the results of the overall evaluation:

Offeror	Financial	Performance	Technical	Price	Total
Pun	240	180	816	460	1696
Brown	240	180	756	360	1536
JJACPA	200	180	690	480	1490
LSL	220	180	630	360	1470
Fedak	200	180	564	520	1464
MHM	240	180	744	280	1444
Vasquez	240	180	696	200	1316

The major difference among the proposers related to their technical ability and their understanding of the scope of work, which for the first time for GCTD addresses an Annual TDA Financial and Compliance Audit of GCTD's member agencies. At the conclusion of the evaluation process, The Pun Group received the highest score overall.

A price analysis was conducted on The Pun Group’s proposed rates. The proposed prices, including a maximum allowed for reimbursable expenses, are summarized as follows:

Offeror	Base Period 2015-2018	Option Periods 2018-2020	Total
Pun	\$90,000.00	\$60,000.00	\$150,000.00
Fedak	\$56,400.00	\$38,600.00	\$95,000.00
Brown	\$121,320.00	\$80,880.00	\$202,200.00
Vasquez	\$141,147.00	\$101,296.00	\$242,443.00
MHM	\$133,283.00	\$46,624.00	\$228,017.00
LSL	\$64,969.00	\$46,624.00	\$111,593.00
JJACPA	\$82,250.00	\$57,700.00	\$139,950.00

The Pun Group has agreed to absorb all costs, including travel, typing, clerical and printing costs necessary to meet GCTD’s requirements.

On April 27, 2015, staff requested a Best and Final Offer from The Pun Group. Pun stated that their initial proposal was their Best and Final Offer however, because the scope of work associated with the member TDA requirement is new and the level of effort required is less certain, the proposed cost of this portion of service is an estimate. They are willing to reevaluate their cost for this service during the audit contract period. Staff determined this to be a reasonable response.

Staff believes the RFP specifications, which have substantially changed from the previous contract due primarily to the added task of the member TDA Annual Financial and Compliance Audit requirement, are correct and clear. Each firm provided their written understanding of the requirements and approach to the audit. It appears that their different pricing policies and varying understanding of the project specifications account for most of the price differential. Based on this analysis showing adequate competition, The Pun Group’s proposed priced of \$30,000 per year for the three-year base period plus \$30,000 for each of the two option years is considered fair and reasonable and in line with those generally charged in this type of work.

A responsibility determination was conducted on The Pun Group. Staffs confirmed that Pun Group was not listed in the System for Award Management (SAM) (formerly Excluded Parties List System) nor are there any complaints filed with the Better Business Bureau. The client references provided by Pun were contacted and provided no negative comments. As a result, The Pun Group was determined to be a responsive, responsible firm capable of meeting GCTD’s requirements.

Funds are budgeted each year to perform Financial Audit Services

III. RECOMMENDED ACTION

A Request for Proposal was issued and submissions were evaluated to determine the most highly qualified firm to provide Financial Audit Services for Gold Coast Transit District. After an extensive evaluation process, The Pun Group received the highest

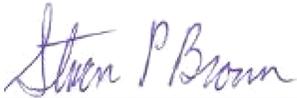
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overall score. The Pun Group is considered a responsive, responsible bidder and their proposal is considered fair and reasonable.

It is recommended the Board of Directors authorize award of a contract for Financial Audit Services to The Pun Group in an amount not-to-exceed \$150,000 for the initial three year period and for the two additional one-year option periods.



General Manager's Concurrence