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Memorandum

TO: BATA Oversight Committee

DATE: June 2, 2010

FR: Executive Director

W. I.

RE: Contract – Internal Project Auditing Services

Staff is recommending that the firms of KPMG LLP, Deloitte Financial Advisory Services LLP (Deloitte), Thompson, Cobb, Bazilio & Associates, PC (TCBA), and Sjoberg Evashenk Consulting, Inc. be retained to form a pool of audit firms qualified to conduct project audits of the Regional Measure 1 (RM 1), Regional Measure 2 (RM 2) and Seismic Retrofit Program (SRP) programs. The audit firms will conduct detailed audits of construction costs, change orders, staff and overhead costs, as well as project risk management.

Firms were invited to submit qualifications to participate in this audit program via Request for Qualifications (RFQ). Some of the minimum qualifications included experience with independent audit and management reporting on capital projects in excess of \$500 million and experience evaluating, testing, auditing and validating construction support and overhead costs.

A total of nine firms responded to the RFQ. The firms are: Deloitte, KPMG LLP, Sjoberg Evashenk, TCBA, R.J. Ricciardi, Inc, Aviva Spectrum, KNL Support Services, Ernst Ernst & Young LLP, and Kevin W. Harper CPA & Associates. A committee of BATA finance staff evaluated the proposals. The consensus of the staff was to recommend a pool for the next five years that include KPMG LLP and Deloitte, who have established a successful audit record with BATA over the past 5 years, and add the firms of TCBA and Sjoberg Evashenk. All four firms met minimum qualifications and provided well written proposals that should meet BATA's project audit needs over the next five years.

Firms will submit proposals on each individual bridge audit engagement. Each engagement will be negotiated as to scope, cost and reporting. Staff recommends that we continue to budget \$1,000,000 per year to be allocated among the various audit firms on an as needed basis.

Recommendation

Staff recommends that this Committee authorize the Executive Director or his designated representative to negotiate and execute five-year contracts with KPMG LLP, Deloitte LLP, Sjoberg Evashenk, and TCBA as auditors to provide internal project audit services for BATA's RM1, RM2 and SRP programs.

Steve Heminger

SH/bm

REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Contract

Work Item No.: 1254

Contractor: KPMG LLP, Deloitte Financial Advisory Services LLP, Thompson, Cobb, Bazilio & Associates, P.C and Sjoberg Evanshenk Consulting

Amendment No.:

Work Project Title: Internal Project Auditing Services

Purpose of Project: Conduct detailed audits of construction costs, change orders, staff and overhead costs as well as project risk management

Brief Scope of Work: Conduct detailed audits of construction costs, change orders, staff and overhead costs as well as project risk management

Project Cost Not to Exceed: \$1,000,000 per year thru fiscal year 2014-15

Funding Source: BATA Toll Revenue

Fiscal Impact: Project costs are consistent with funds budgeted for the program

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into contracts with KPMG LLP, Deloitte Financial Advisory Services LLP (Deloitte), Thompson, Cobb, Bazilio & Associates, P.C (TCBA), and Sjoberg Evashenk Consulting to provide internal project auditing services and the Chief Financial Officer is directed to set aside funds up to \$1,000,000, cumulatively, for such contract.

BATA Oversight Committee:

Bill Dodd, Chair

Approved: Date: June 9, 2010