


# M E M O

## *Alameda Corridor Transportation Authority*

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To: Governing Board

Meeting Date: December 8, 2022

From: Kevin L. Scott, Chief Financial Officer 

Subject: APPROVE the Second Amendment to Agreement No. C0864 with BCA Watson Rice – Western Region, LLP for Internal Audit Services, adding two years to the term and increasing the compensation amount by \$153,111

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### **Recommendation:**

Approve the proposed Second Amendment to Agreement No. C0864 with BCA Watson Rice – Western Region, LLP (BCA), for internal audit services, to extend the term for two years through June 30, 2025 and add \$153,111 to the contract value. Authorize the Chief Executive Officer or Chief Financial Officer to execute said amendment.

### **Discussion:**

At its April 13, 2017 meeting, the Governing Board approved a new internal audit services agreement with BCA following a competitive selection process. Effective July 1, 2017, the Agreement had an initial three-year with one 3-year extension option, if approved by the Governing Board, and an initial compensation amount of \$200,000. At its November 15, 2019 meeting the Governing Board approved the three-year option, extending the term to June 30, 2023 and the Governing Board also increased the compensation amount by \$250,000, for a total not to exceed contract amount of \$450,000.

ACTA's internal audit work includes auditing the invoices and supporting records of: 1) the four joint venture partner firms comprising the Alameda Corridor Engineering Team (ACET), and 2) ACTA's maintenance contractor, RailWorks. An annual Audit Plan is approved each year by ACTA's Audit Committee, which defines the work for BCA to complete for the following fiscal year.

BCA has successfully performed all its audit assignments over the last five and half years in a professional and timely manner. Since the ACET contract and the RailWorks contract are due to expire in the next two years, it would be unproductive for a new audit firm to learn all the background that BCA can readily apply to this year's audits and to contract close-out efforts that may be required. BCA's knowledge and understanding of the four ACET joint venture partners firms' financial records and documents, and their knowledge and understanding of RailWorks' financial and accounting processes would enable the audits to be completed efficiently and effectively. The learning curve to bring on a new auditor will likely result in higher cost, audit inefficiencies, and more time commitment from ACTA accounting personnel to support the audits. Furthermore, the four ACET contractors and RailWorks are familiar with BCA's audit process. Therefore, staff recommends a two-year extension to agreement C0864 without a competitive selection process so that BCA may efficiently conduct current and final audits of the ACET firms and RailWorks.



December 8, 2022  
**ITEM #10**

The Second Amendment, if approved, will extend the term through June 30, 2025, and increase the contract value by \$153,111 for a total not to exceed amount of \$603,111.

**Budget Impact:**

The proposed Second Amendment will have no budget impact for the FY23 Program and Operating Budget. Future Program and Operating Budgets will include the necessary budgetary amounts to fund the required services.

**Co-General Counsel Review:**

ACTA's Co-General Counsel has reviewed and approved the proposed Amendment as to form.

**Transmittal:**

Transmittal 1 - Second Amendment to Agreement C0864