SUMMARY STATEMENT

ITEM NO.        SUBJECT: Selection of Accounting Firm to Provide Professional Auditing Services

COMMITTEE: Finance

COMMITTEE DATE: October 19, 2005

BOARD ACTION DATE: November 16, 2005

PROPOSAL: That the Board select an independent accounting firm to audit the books and records of the DRPA and PATCO, and to perform additional audits, as necessary, for the years 2005 through 2007.

PURPOSE: To audit the books and records of the DRPA and PATCO. In addition, the DRPA requires annual audit reports for the Single Audit Report - Supplemental Schedule of Federal Financial Assistance as required by the Single Audit Act of 1984 as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and PATCO's National Transit Database (NTD) report as required by statute, Title 49 U.S.C. 5335(a), for federal funding under the Urbanized Area Formula Program. The engagement is to include the preparation of any Federal or State filings associated with the activities of the Delaware River Port Authority Foundation.

BACKGROUND: DRPA staff sent a Request for Proposal (RFP) for Auditing Services, for the years 2005 through 2007, to eight (8) accounting firms. Four (4) firms indicated an intention to bid, however, only the two (2) firms listed below formally submitted proposals to provide these services to the Delaware River Port Authority and Port Authority Transit Corporation.

(1) Bowman & Company, LLP    (2) Mitchell & Titus, LLP

Evaluation of Accounting Firms

Following a review of each firm's proposal by staff, the firm of Bowman and Company, LLP is recommended to provide Professional Auditing Services to the DRPA and PATCO. The following considerations impacted the recommendation of staff:

- Extensive experience in public sector and governmental auditing.
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- Quality of audit proposal and audit approach. The firm indicated an understanding of the scope of the DRPA engagement and proposed a comprehensive and efficient audit approach to manage the engagement.

- Staff experience and its past performance on the 2002, 2003 and 2004 fiscal year audits for the DRPA/PATCO, including the implementation of GASB 34, as required under GFOA standards.

- Commitment to the involvement of MBE and WBE firms in the audit engagement. (Bowman & Company LLP has partnered with Milligan & Company, a MBE firm, in the audits performed for the DRPA for the years 2002 through 2004. Milligan’s participation in previous audits and audits going forward approaches one third of the entire engagement.)

- Experience in preparing Comprehensive Annual Financial Reports in accordance with GFOA standards, which the DRPA is committed to preparing. (The DRPA received the Certificate of Achievement for Excellence in Financial Reporting for the 2002 and 2003 audits and has submitted its 2004 annual report for consideration for this award).

Fee Proposal

The fee proposed by Bowman & Company, LLP is $390,000 to perform the DRPA and PATCO audit engagements and the preparation of any Federal or State filings associated with the Delaware River Port Authority Foundation for the years 2005 through 2007. The fees include the basic cost of the audit engagement and all out-of-pocket expenses to be incurred by the accounting firm.

Recommendation

Upon consideration of the qualifications of Bowman & Company, LLP and their fee proposal, the firm of Bowman & Company, LLP is recommended to provide Professional Auditing Services to the DRPA and PATCO for the three year period 2005 through 2007.

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1 Fees, including PATCO’s share, for the 2005 through 2007 engagements are $125,000, $130,000 and $135,000, respectively.
| SUMMARY: | Amount: | $390,000 for the 2005-2007 Year Audits \(^1\) |
| Capital Project #: | N/A |
| Operating Budget: | N-T-E $390,000 for 3 years |
| Master Plan Status: | | |
| Other Fund Sources: | PATCO's Share $22,000 for the 2005 Year Audit |
| Duration of Contract: | Three Years |
| Other Parties Involved: | N/A |

\(^1\) Fees, including PATCO’s share, for the 2005 through 2007 engagements are $125,000, $130,000 and $135,000, respectively.
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority accept the proposal of Bowman & Company, LLP to conduct the annual audit of the books and records of Delaware River Port Authority and PATCO; prepare any Federal or State filings associated with the activities of the Delaware River Port Authority Foundation and, in addition, to perform the Single Audit Report - Supplemental Schedule of Federal Financial Assistance as required by the Single Audit Act of 1984, as amended; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and PATCO's National Transit Database (NTD) report as required by statute, Title 49 U.S.C. 5335(a), for federal funding under the Urbanized Area Formula Program, for a fee of $390,000 for the Delaware River Port Authority and for the Port Authority Transit Corporation for the years 2005 through 2007; and be it further

RESOLVED: The Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of the DRPA.

SUMMARY: Amount: $390,000 for the 2005-2007 Year Audits
Source of Fund: Revenue and General Funds
Capital Project #: N/A
Operating Budget: N-T-E $390,000 for 3 years
Master Plan Status: Other Fund Sources: PATCO's Share $22,000 for the 2005 Year Audit
Duration of Contract: Three years
Other Parties Involved: N/A

1 Fees, including PATCO's share, for the 2005 through 2007 engagements are $125,000, $130,000 and $135,000, respectively.

JH/JW