SUMMARY STATEMENT

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

COMMITTEE:    Finance

COMMITTEE DATE:   November 19, 2008

BOARD ACTION DATE:   December 10, 2008

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 2008 through 2010.

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, including revisions published in the Federal Register, June 27, 2003 and PATCO's National Transit Database (NTD) report as required by statute, Title 49 CFR Part 630, Federal Register, December 6, 2007 and as presented in the 2008 NTD Reporting Manual. The engagement is to include the preparation of any Federal or State filings that may be required.

BACKGROUND: DRPA staff sent a Request for Proposal (RFP) for Auditing Services, for the years 2008 through 2010, to eight (8) accounting firms. In addition, the RFP was posted on the DRPA's website. (Several firms responded to the RFP based on the website posting). Five (5) firms submitted proposals to provide these services to the Delaware River Port Authority and Port Authority Transit Corporation, as shown below:

1. Bowman & Company, LLP
2. Clifton Gunderson LLP
3. KPMG LLP
4. Thompson, Cobb, Bazilio & Associates, P.C.
5. Zelenkofske Axelrod LLC
Evaluation of Accounting Firms

Following a review of each firm's proposal by staff, the firm of Bowman & 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.
- 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 familiarity with the implementation of GASB 34, and other recently enacted Government Finance Officers Association (GFOA) standards.
- Commitment to the involvement of MBE and WBE firms in the audit engagement.
- Experience in preparing Comprehensive Annual Financial Reports in accordance with GFOA standards, which the DRPA is committed to preparing. (The DRPA has received the Certificate of Achievement for Excellence in Financial Reporting for fifteen consecutive years and has submitted its 2007 annual report for consideration for this award).

Fee Proposal

The fee proposed by Bowman & Company, LLP is $430,500\(^1\) to perform the DRPA and PATCO audit engagements and the preparation of any Federal or State filings for the years 2008 through 2010. 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 all respondents 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 2008 through 2010.

\(^1\) Fees, including PATCO's share, for the 2008 through 2010 engagements are $138,500, $143,500 and $148,500, respectively.
SUMMARY:

Amount: $430,500 for the 2008-2010 Year Audits
Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget: N-T-E $430,500 for 3 years
Master Plan Status: 
Other Fund Sources: PATCO’s Share Est. $24,000 for the 2008 Year Audit
Duration of Contract: Three Years
Other Parties Involved: N/A

1 Fees, including PATCO’s share, for the 2008 through 2010 engagements are $138,500, $143,500 and $148,500, respectively.
RESOLUTION

RESOLVED: That the Board of Commissioners authorizes DRPA staff to negotiate a contract with 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 and 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 $430,500 for the Delaware River Port Authority and for the Port Authority Transit Corporation for the years 2008 through 2010; 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:       | $430,500 for the 2008-2010 Year Audits¹ |
| Source of Fund: | Revenue and General Funds |
| Capital Project #: N/A |
| Operating Budget: N-T-E $430,500 for 3 years |
| Master Plan Status: |
| Other Fund Sources: PATCO’s Share Est. $24,000 for the 2008 Year Audit |
| Duration of Contract: Three years |
| Other Parties Involved: N/A |

¹ Fees, including PATCO’s share, for the 2008 through 2010 engagements are $138,500, $143,500, and $148,500, respectively.

JH/JW