SUMMARY STATEMENT

ITEM NO.: DRPA-14-158

SUBJECT: Selection of Accounting Firm to Provide Professional Auditing Services

COMMITTEE:

Audit Committee

COMMITTEE DATE:

December 9, 2014

BOARD ACTION DATE:

December 10, 2014

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 2014 through 2016.

PURPOSE:

To audit the books and records of the DRPA and PATCO as required by the Authority’s Interstate Compact for Annual Financial Audits. 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 CFR Part 630, Federal Register, December 6, 2007 and as presented in the 2013 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 2014 through 2016, to approximately fifteen (15) accounting firms. In addition, the RFP was posted on the DRPA’s website. Five (5) firms submitted technical proposals and “sealed dollar cost bid” quotations to provide these services to the Delaware River Port Authority and Port Authority Transit Corporation, as shown below:

1. Bowman & Company LLP
2. CliftonLarsonAllen
3. McGladrey LLP
4. Mitchell & Titus
5. Zelenkofske Axelrod LLC
SUMMARY STATEMENT
Audit Committee 12/9/14

Selection of Accounting Firm to Provide Professional Auditing Services

DRPA staff qualified five (5) firms, which submitted the following total “all-inclusive” maximum pricing quotations:

Pricing Quotations:

Bowman & Company LLP $ 499,000
CliftonLarsonAllen $ 478,350
McGladrey LLP $ 493,500
Mitchell & Titus $ 411,000
Zelonkofske & Axelrod LLC $ 443,550

Due to the close scoring of the firms on technical merit, the review committee recommended that all five (5) firms participate in the oral interview process. All firms participated in the oral interviews. Based on the Technical Proposal, Cost Proposal and oral presentation evaluations, Bowman & Company LLP was deemed by the review committee to be the most technically qualified firm.

Evaluation of Accounting Firms:

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.

Experience and familiarity with the implementation of GASB 34, and other recently enacted Government Finance Officers Association (GFOA) standards (e.g., GASB 45 and 53).

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 twenty one (21) consecutive years and has submitted its 2013 annual report for consideration for this award).
Fee Proposal

The fee proposed by Bowman & Company LLP to perform the DRPA and PATCO audit engagements and the preparation of any Federal or State filings for the years 2014 through 2016 totals $499,000. The fees include the basic cost of the audit engagement and all out-of-pocket expenses to be incurred by the accounting firm.

Fees, including PATCO’s share, for the 2014 through 2016 engagements are $32,200, $33,300 and $34,300, respectively.

The breakdown for the initial three year term and two optional years are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee (Optional Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1: $161,000</td>
<td>$176,600</td>
</tr>
<tr>
<td>#2: $166,500</td>
<td>$181,900</td>
</tr>
<tr>
<td>#3: $171,500</td>
<td>$358,500</td>
</tr>
<tr>
<td>Total</td>
<td>$499,000</td>
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</tbody>
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Recommendation

Upon consideration of the qualifications of all respondents, oral interview presentations 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 2014 through 2016 with two (2) one-year renewal options.

SUMMARY: Amount: $499,000 for the 2014-2016 Year Audits
Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget: N-T-E $499,000 for 3 years
Master Plan Status: N/A
Other Fund Sources: PATCO’s Share Est. $32,200 for the 2014 Year Audit
Duration of Contract: Three Years with two (2) one-year renewal options
Other Parties Involved: N/A
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 $499,000 for the Delaware River Port Authority and for the Port Authority Transit Corporation for the years 2014 through 2016; with two (2) one-year renewal options and be it further

RESOLVED: The Chairman and 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 to enter into the Agreement. If such agreements, contracts, or other documents have been approved by the Chairman and 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: $499,000 for the 2014-2016 Year Audits
Source of Fund: Revenue and General Funds
Capital Project #: N/A
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