



# **REPORT TO THE RISK MANAGEMENT COMMITTEE**

## **Pre-Solicitation Terms for Financial Statement Audit Services and OMB Circular A-133 Audit Services**

**May 2015**

## Purpose

- The Board has reserved to itself the authority to select outside (independent) auditors under Resolution No. 01-20 in 2001.
- The Risk Management Committee Co-Chairs requested the issuance of two solicitations for competitive negotiated procurements using the “Best Value” method seeking proposals from certified public accounting firms interested in providing financial statement audit services and OMB Circular A-133 (A-133) audit services.
- The Risk Management Committee is requested to concur with the solicitation issuances, the recommended evaluation criteria, and the proposed contract terms.



## Background

- A single contract for financial statement audit services is currently held by PricewaterhouseCoopers, LLP (PwC).
- The contract has a 30 percent LDBE requirement, which has historically been met by subcontracting the A-133 audit work.
  - An A-133 audit is required for entities receiving federal assistance in excess of \$750 thousand.
  - As part of this scope, compliance testing over the Airports Authority's Passenger Facility Charges (PFC) program is also performed.
- PwC has been the Airports Authority's financial statement auditors for over twenty years. Their most recent contract commenced on November 1, 2012 and was for a three-year base period with two one-year option periods.
- The current base period expires on October 25, 2015.



## Procurement Methodology

- Staff recommends that two contracts be issued to enhance competition for financial statement audit services and the A-133 audit.
- A best value procurement methodology is proposed for these solicitations.
- In the determination of best value, non-price factors and price are separately evaluated and ranked.
- The more the proposals become technically equivalent, the more the price factor becomes important.
- Contract awards will be made to the responsible offerors whose proposal provides the best overall value to the Airports Authority.

## Proposed Non-Price Evaluation Criteria

- Strength and reputation of the firm, including:
  - Relevant experience as a financial statement/A-133 auditor to large airports, transportation authorities, or governmental entities similar in size and complexity;
  - Size and depth of the firm's local office;
  - Current and recent clients and references;
  - Ongoing contact with government agencies, such as the US Department of Transportation; and
  - Opinion received on its most recent quality assurance review.
- Experience and qualifications of key personnel and staff, including:
  - Assigned personnel's experience in governmental auditing, experience auditing large airports or transportation authorities, or experience conducting A-133 audits, PFC audits, and Rates and Charges audits.
  - In addition, the ability to offer best practices to auditing the Airports Authority's financial statements, federal grant programs, and the organization's compliance with other requirements will be considered.



## Proposed Non-Price Evaluation Criteria

- Proposed approach to providing requested services, including:
  - Demonstrated knowledge and understanding of the Airports Authority's financial statement and A-133 audit needs;
  - Reasonableness of scope, timetable, and audit hours;
  - Sampling and audit techniques to be employed; and
  - Firm's approach for coordinating work and communicating issues and project status with Airports Authority staff, management, and members of the Board's Risk Management Committee.
- Workforce diversity, to include race, ethnicity, and gender composition of corporate and project workforce.



## Discussion

- Staff recommends the contracts include:
  - A three-year base period with two one-year renewal option periods.
  - A zero percent LDBE requirement on the financial statement audit contract and a 100 percent LDBE requirement on the A-133 audit contract.
- Staff proposes the following procurement schedule:

Date/Meeting	Tasks
May 20	Request Risk Management Committee Concurrence
June	Advertise RFPs
Late June – Early July	Proposals Due
July	Technical Evaluation Committee Kick-off Meeting
July – August	Proposal Evaluation
Sept 16	Recommendation Considered by Risk Management Committee & Board
Oct 1	Contract Awards



## Recommendation

- Staff requests that the Risk Management Committee concur with the solicitations for Financial Statement Audit Services and OMB Circular A-133 Audit Services, the recommended evaluation criteria, and the proposed contract terms.
- The contract awards will require Risk Management Committee and full Board approval.





Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



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