



Audit Oversight Committee Agenda

Click link to access the meeting:

<https://us02web.zoom.us/j/94562188418>






Zoom Meeting ID

Ways to Join



Computer: Click the link above. You will be prompted to run the Zoom browser or Zoom application. Once signed on to the meeting, you will have the option to join using your computer audio system or phone.

Webinar Features:

 Raise Hand	▶	Use the raise hand feature every time you wish to make a public comment.
	▶	Participants can enable closed captioning by clicking the CC icon. You may also view the full transcript and change the font size by clicking 'subtitle settings'. These features are not available via phone.
	▶	This symbol shows you are muted , click this icon to unmute your microphone.
	▶	This symbol shows you are currently unmuted , click this button to mute your microphone.
	▶	The chat feature should be used by panelists and attendees solely for "housekeeping" matters as comments made through this feature will not be retained as part of the meeting record. See the Live Verbal Public Comment for instructions on how to make a public comment.



Smartphone or Tablet: Download the Zoom app and join the meeting by clicking the link or using the webinar ID (found in the link).



Phone:

1. If you are joining the meeting audio by phone and viewing the meeting on a device, dial the number provided in the 'join audio' phone call tab of the initial pop-up, and enter the Meeting ID (found in the link).
2. If you are joining by phone only, dial: **+1-669-900-9128** or **+1-253-215-8782** and type the meeting ID found in the link, press #. You will have access to the meeting audio, **but will NOT be able to view the PowerPoint presentations.**



Live Verbal Public Comments:

Use the 'Raise Hand' icon every time you wish to make a public comment on an item. Raise your hand once the agenda item you wish to comment on has been called. In person public comments will be taken first, virtual attendees will be taken in the order in which they raise their hand. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting. Two-minutes of time is allotted per speaker, unless otherwise directed by the Chair.

Public Comments Made Via Zoom

1. Click the link found at the top of this instruction page
2. Click the raise hand icon located in the bottom center of the platform
3. The Clerk will announce your name when it is your turn to speak
4. Unmute yourself to speak

Public Comments Made by Phone Only

1. Dial **+1-669-900-9128**
2. Type in the zoom meeting ID found in the link and press #
3. Dial *9 to raise your hand via phone
4. The Clerk will call out the last 4 digits of your phone number to announce you are next to speak
5. Dial *6 to unmute yourself



Written Public Comments (before the meeting): Written public comments will be recorded in the public record and will be provided to MTS Board Members in advance of the meeting. Comments must be emailed or mailed to the Clerk of the Board* by 4:00pm the day prior to the meeting.



Translation Services: Requests for translation services can be made by contacting the Clerk of the Board* at least four working days in advance of the meeting.



In-Person Participation: In-person public comments will be heard first. Following in-person public comments, virtual attendees will be heard in the order in which they raise their hand via the Zoom platform. Speaking time will be limited to two minutes per person, unless specified by the Chairperson. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion.

Instructions for providing in-person public comments:

1. Fill out a speaker slip located at the entrance of the Board Room;
2. Submit speaker slip to MTS staff seated at the entrance of the Board Room;
3. When your name is announced, please approach the podium located on the right side of the dais to make your public comments.

Members of the public are permitted to make general public comment at the beginning of the agenda or specific comments referencing items on the agenda during the public comment period. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting.



Assistive Listening Devices (ALDs): ALDs are available from the Clerk of the Board* prior to the meeting and are to be returned at the end of the meeting.



Reasonable Accommodations: As required by the Americans with Disabilities Act (ADA), requests for agenda information in an alternative format or to request reasonable accommodations to facilitate meeting participation, please contact the Clerk of the Board* at least two working days prior to the meeting.



***Contact Information:** Contact the Clerk of the Board via email at ClerkoftheBoard@sdmts.com, phone at (619) 398-9681 or by mail at **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



Agenda del Comité de Supervisión de la Auditoría

Haga clic en el enlace para acceder a la reunión:

<https://us02web.zoom.us/j/94562188418>






ID de la reunión
en Zoom

Formas de Participar



Computadora: Haga clic en el enlace más arriba. Recibirá instrucciones para operar el navegador de Zoom o la aplicación de Zoom. Una vez que haya iniciado sesión en la reunión, tendrá la opción de participar usando el sistema de audio de su computadora o teléfono.

Funciones del Seminario En Línea:

 Levantar la mano	▶	Use la herramienta de levantar la mano cada vez que desee hacer un comentario público.
	▶	Los participantes pueden habilitar el subtitulado haciendo clic en el ícono CC. También puede ver la transcripción completa y cambiar el tamaño de letra haciendo clic en “configuración de subtítulos”. Estas herramientas no están disponibles por teléfono.
	▶	Este símbolo indica que usted se encuentra en silencio , haga clic en este ícono para quitar el silenciador de su micrófono.
	▶	Este símbolo indica que su micrófono se encuentra encendido . Haga clic en este símbolo para silenciar su micrófono.
	▶	La herramienta de chat deben usarla los panelistas y asistentes únicamente para asuntos “pertinentes a la reunión”, ya que comentarios realizados a través de esta herramienta no se conservarán como parte del registro de la reunión. Consulte el Comentario público verbal en vivo para obtener instrucciones sobre cómo hacer un comentario público.



Teléfono Inteligente o Tableta: Descargue la aplicación de Zoom y participe en la reunión haciendo clic en el enlace o usando el ID del seminario web (que se encuentra en el enlace).



Teléfono:

1. Si está participando en la reunión mediante audio de su teléfono y viendo la reunión en un dispositivo, marque el número indicado en la pestaña de llamada telefónica “unirse por audio” en la ventana emergente inicial e ingrese el ID de la reunión (que se encuentra en el enlace).
2. Si está participando solo por teléfono, marque: **+1-669-900-9128** o **+1-253-215-8782** e ingrese el ID de la reunión que se encuentra en el enlace, pulse #. Tendrá acceso al audio de la reunión, **pero NO podrá ver las presentaciones en PowerPoint.**



Comentarios Públicos Verbales en Vivo: Use la herramienta “levantar la mano” cada vez que desee hacer un comentario público sobre alguno de los artículos. Levante la mano una vez que el artículo de la agenda sobre el que desea comentar haya sido convocado. Los comentarios públicos en persona se escucharán primero, se escuchará a los asistentes virtuales en el orden en el que levanten la mano. No se aceptarán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción. Comentarios públicos generales, únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión. Se otorga two minutos de tiempo por persona que desee hablar, a menos de que el presidente instruya de otra forma. (Consulte la página 2 para obtener instrucciones sobre cómo hacer un comentario público.)

Comentarios Públicos a Través de Zoom

1. Haga clic en el enlace que se encuentra en la parte superior de esta página de instrucciones
2. Haga clic en el ícono de levantar la mano en el centro inferior de la plataforma
3. El secretario anunciará su nombre cuando sea su turno de hablar
4. Desactive el silenciador para que pueda hablar

Comentarios Públicos Realizados Únicamente por Teléfono

1. Marque el **+1-669-900-9128**
2. Ingrese el ID de la reunión en Zoom que se encuentra en el enlace y pulse #
3. Marque *9 para levantar la mano por teléfono
4. El secretario indicará los últimos 4 dígitos de su número de teléfono para anunciar que usted será el siguiente en hablar
5. Marque *6 para desactivar el silenciador



Comentarios Públicos por Escrito (Antes de la Reunión): Los comentarios públicos por escrito se registrarán en el registro público y se entregarán a los miembros de la Junta de MTS antes de la reunión. Los comentarios deben enviarse por correo electrónico o postal al secretario de la Junta* antes de las 4:00 p.m. el día anterior a la reunión.



Servicios de Traducción: Pueden solicitarse servicios de traducción comunicándose con el secretario de la Junta* por lo menos cuatro días hábiles antes de la reunión.



Participación en Persona: Los comentarios públicos en persona se escucharán primero. Después de los comentarios públicos en persona, se escuchará a los asistentes virtuales en el orden en el que levanten la mano a través de la plataforma de Zoom. El tiempo para hablar se limitará a dos minutos por persona, a menos de que el presidente especifique de otra forma. No se recibirán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción.

Instrucciones para brindar comentarios públicos en persona:

1. Llene la boleta para personas que desean hablar que se encuentran en la entrada de la Sala de la Junta.
2. Entregue la boleta para personas que desean hablar al personal de MTS que se encuentra sentado en la entrada de la Sala de la Junta.
3. Cuando anuncien su nombre, por favor, acérquese al podio ubicado en el lado derecho de la tarima para hacer sus comentarios públicos.

Los miembros del público pueden hacer comentarios públicos generales al inicio de la agenda o comentarios específicos que hagan referencia a los puntos de la agenda durante el periodo de comentarios públicos. Los comentarios públicos generales únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión.



Dispositivos de Asistencia Auditiva (ALD, por sus siglas en inglés): Los ALD están disponibles con el secretario de la Junta* antes de la reunión y estos deberán ser devueltos al final de la reunión.



Facilidades Razonables: Según lo requerido por la Ley de Estadounidenses con Discapacidades (ADA, por sus siglas en inglés), para presentar solicitudes de información de la agenda en un formato alternativo o solicitar facilidades razonables para facilitar su participación en la reunión, por favor, comuníquese con el secretario de la Junta* por lo menos dos días hábiles antes de la reunión.



***Información de Contacto:** Comuníquese con el secretario de la Junta por correo electrónico en ClerkoftheBoard@sdmts.com, por teléfono al **(619) 398-9681** o por correo postal en **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



**Metropolitan
Transit
System**

Audit Oversight Committee Agenda

February 1, 2024 at 9:00 a.m.

In-Person Participation: James R. Mills Building, 1255 Imperial Avenue, 10th Floor Board Room, San Diego CA 92101

Teleconference Participation: (669) 444-9171; Webinar ID: 945 6218 8418, <https://us02web.zoom.us/j/94562188418>

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
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1.	Roll Call	
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2.	Public Comments	
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This item has a two minute per speaker time limit. If you have a report to present, please give your copies to the Clerk of the Board.

3.	Approval of Minutes	
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Action would approve the November 2, 2023 Audit Oversight Committee meeting Minutes.

Approve

DISCUSSION AND REPORT ITEMS

4.	External Auditing Services – Contract Award (Erin Dunn and Brianda Diaz)	
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Action would forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to: 1) Execute MTS Doc. G2788.0-24 (in substantially the same format as Attachment A), with The Pun Group, Inc. (The Pun Group) for External Auditing Services for a five (5) year base period in the amount of \$1,143,722.35, plus three (3) 1-year options in the amount of \$771,190.85 for a total contract amount of \$1,914,913.20; and 2) Exercise the option years at the CEO's discretion.

Approve

OTHER ITEMS

5.	Staff Communications and Committee Member Communications	
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6.	Next Meeting Date: To be determined.	
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7.	Adjournment	
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MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
AUDIT OVERSIGHT COMMITTEE

November 2, 2023

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. The full comment can be heard by reviewing the recording at the [MTS website.](#)]

1. Roll Call

Chair Whitburn called the Audit Oversight Committee meeting to order at 9:49 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

2. Public Comments

There were no Public Comments.

3. Approval of Minutes

Vice Chair Goble moved to approve the minutes of the July 13, 2023, MTS Audit Oversight Committee meeting. Board Member Hall seconded the motion, and the vote was 5 to 0 in favor with Board Member Vargas and Board Member Bush absent.

COMMITTEE DISCUSSION ITEMS

4. Draft of Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR) (Erin Dunn with Ken Pun and Coley Delaney of the Pun Group)

Erin Dunn, MTS Controller, and Ken Pun and Coley Delaney, with the Pun Group, presented on the FY 23 ACFR. They outlined: management's and auditors' responsibilities, overview of the financial statements, key pension and OPEB information, and audit results.

Vice Chair Goble referenced slide 14 and asked about the net investment income differences between 2023 and the previous year. Mr. Delaney replied that the slide refers to the activity of the San Diego Transit employee retirement plan for the current year given that MTS is a fiduciary of the Plan. Vice Chair Goble asked if that change affects the amount of pension expenses. Larry Marinesi, MTS Chief Financial Officer, confirmed that it did, and added that the \$11.4 million was primarily due to positive investment returns for the current year. He assured the committee that the agency would be bringing back the pension financial statements and actuarial analysis at the February Board meeting. Investment returns that exceed the target number does positively impact net contributions in future years. Vice Chair Goble asked staff to clarify if the negative \$22 million and the positive \$11 million would be adjusted out over five years to leverage variance in expenses. Mr. Marinesi confirmed that and added that as target investment returns are lowered over time, there is more opportunity to achieve the target annually.

Chair Whitburn congratulated MTS staff on the Fiscal Year 2022 Certificate of Achievement for Excellence in Financial Reporting.

Action Taken

Chair Whitburn moved to receive a draft of the Fiscal Year (FY) 2023 ACFR for review and discussion. Board Member Elo-Rivera seconded the motion, and the vote was 5 to 0 in favor with Board Member Vargas and Board Member Bush absent.

OTHER ITEMS

5. Committee Member Communications and Other Business

Sharon Cooney, MTS Chief Executive Officer, asked for a volunteer who would ask questions of the auditors directly when this item is taken to November 9th Board for approval. Vice Chair Goble volunteered.

6. Next Meeting Date

The next Audit Oversight Committee meeting is to be determined.

7. Adjournment

Chair Whitburn adjourned the meeting at 10:14 a.m.

Chairperson
San Diego Metropolitan Transit System

Clerk of the Board
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
AUDIT OVERSIGHT COMMITTEE

ROLL CALL

MEETING OF (DATE): November 2, 2023 CALL TO ORDER (TIME): 9:49 am
 RECESS: _____ RECONVENE: _____
 CLOSED SESSION: _____ RECONVENE: _____
 PUBLIC HEARING: _____ RECONVENE: _____
 ORDINANCES ADOPTED: _____ ADJOURN: 10:14 am

REPRESENTING	BOARD MEMBER	ALTERNATE	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
Chair	Whitburn <input checked="" type="checkbox"/>	No Alternate <input type="checkbox"/>	9:49 am	10:14 am
City of San Diego	Elo-Rivera <input checked="" type="checkbox"/>	Montgomery Steppe <input type="checkbox"/>	9:49 am	10:14 am
County of San Diego	Vacant <input type="checkbox"/>	Vargas <input type="checkbox"/>	ABSENT	ABSENT
East County	Hall <input checked="" type="checkbox"/>	Frank <input type="checkbox"/>	9:49 am	10:14 am
SANDAG Transportation Committee	Moreno <input checked="" type="checkbox"/>	Bush <input type="checkbox"/>	9:49 am	10:14 am
South Bay	Bush <input type="checkbox"/>	Leyba-Gonzalez <input type="checkbox"/>	ABSENT	ABSENT
Vice Chair	Goble <input checked="" type="checkbox"/>	No Alternate <input type="checkbox"/>	9:49 am	10:14 am

SIGNED BY THE CLERK OF THE BOARD: /S/ Dalia Gonzalez



REVISED

Agenda Item No. 4

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
AUDIT OVERSIGHT COMMITTEE

SUBJECT: February 1, 2024

External Auditing Services – Contract Award (Erin Dunn and Brianda Diaz)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Audit Oversight Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to:

- 1) Execute MTS Doc. G2788.0-24 (in substantially the same format as Attachment A), with The Pun Group, Inc. (The Pun Group) for External Auditing Services for a five (5) year base period in the amount of \$1,143,722.35, plus three (3) 1-year options in the amount of \$771,190.85 for a total contract amount of \$1,914,913.20; and
- 2) Exercise the option years at the CEO's discretion

Budget Impact

The total cost of this contract is estimated to be \$1,914,913.20. These services will be funded by the MTS General Operating Budget 902010-571130.

DISCUSSION:

MTS is required to issue annual financial statements audited by an independent audit firm. In addition, MTS is required to have a financial audit of the San Diego Transit Corporation (SDTC) Retirement Plan, a Single Audit to comply with Department of Transportation (DOT) Inspector General Audit requirements on grants by recipient organizations under Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and issue several Agreed-Upon Procedures reports to comply with requirements for the various Federal, State and Local subsidy revenues MTS receives.

MTS is seeking a qualified public accounting firm to conduct these annual financial audits and compliance reports in conformity with General Accepted Accounting Principles (GAAP), Governmental Accounting Standards and Uniform Guidance for the following years:



Year	Fiscal Year	Dates
1	2024	4/1/24 – 3/31/25
2	2025	4/1/25 – 3/31/26
3	2026	4/1/26 – 3/31/27
4	2027	4/1/27 – 3/31/28
5	2028	4/1/28 – 3/31/29
6	2029	4/1/29 – 3/31/30
7	2030	4/1/30 – 3/31/31
8	2031	4/1/31 – 3/31/32

On September 25, 2023, MTS issued a Request for Proposals (RFP) for an External Auditing Services Contractor. MTS received six (6) proposals on the due date of November 3, 2023 from the following:

Proposer	Firm Certification
Crowe LLP	N/A
Davis Farr LLP	Small Business (SB)
Eide Bailly LLP	N/A
Plante & Moran, PLLC	N/A
The Pun Group, LLP	N/A
Vasquez & Company LLP	Minority Business Enterprise (MBE)

All proposals were deemed responsive and responsible and were evaluated by a committee comprised of representatives from the MTS Finance, Accounting, and Internal Auditing Departments. The proposals were evaluated on the following:

- | | |
|--|-------------|
| 1. Qualifications of the Firm or Individual | 30% |
| 2. Staffing, Organization, and Management Plan | 25% |
| 3. Work Plan | 25% |
| 4. Cost and Price | 20% |
| Total | 100% |

The following table illustrates the initials scores of the proposers:

PROPOSER	TOTAL COST (BASE + OPTION)	COST SCORE	TOTAL AVG TECH SCORE	TOTAL AVG SCORE (TOTAL POSSIBLE: 100)	RANKING
The Pun Group	\$1,978,667.20	20.00	68.30	88.30	1
Crowe	\$2,305,480.00	17.16	53.40	70.56	2
Plante & Moran	\$3,533,130.00	11.20	56.20	67.40	3
Vasquez & Company	\$2,261,452.60	17.50	46.20	63.70	4
Eide Bailly	\$2,794,292.00	14.16	46.50	60.66	5
Davis Farr	\$1,983,210.00	19.95	37.80	57.75	6

As a result of the initial review, three (3) firms were determined to be within the competitive range (The Pun Group, Crowe, and Plante & Moran). MTS invited these firms to participate in the interview process. Interviews were held on January 12, 2024. Subsequent to the interviews, the evaluation committee rescored the firms as follows:

the interview process. Interviews were held on January 12, 2024. Subsequent to the interviews, the evaluation committee rescored the firms as follows:

PROPOSER	TOTAL AVG TECH SCORE	TOTAL COST (BASE + OPTION)	COST SCORE	TOTAL AVG SCORE (TOTAL POSSIBLE: 100)	RANKING
The Pun Group	67.80	\$1,978,667.20	20.00	87.80	1
Plante & Moran	61.80	\$3,533,130.00	11.20	73.00	2
Crowe	51.80	\$2,305,480.00	17.16	68.96	3

Based on the updated scores and information gained during the interviews, The Pun Group and Plante & Moran remained the highest-ranked proposers. After a requesting a revised proposal from both firms, staff was able to reduce The Pun Group’s cost proposal by \$63,754.00 (3.2%) and Plante & Moran by \$177,975.00 (5.0%). Final scores are as follows:

PROPOSER	TOTAL COST (BASE + OPTION)	COST SCORE	TOTAL AVG TECH SCORE	TOTAL AVG SCORE (TOTAL POSSIBLE: 100)	RANKING
The Pun Group	\$1,914,913.20	20.00	67.80	87.80	1
Plante & Moran	\$3,355,155.00	11.41	61.80	73.41	2

Based on the objectives of this procurement, consideration of the evaluation criteria and The Pun Group’s technical and cost proposals, the evaluation committee determined The Pun Group presented the best overall value to MTS.

Therefore, staff recommends that the MTS ~~Board of Directors authorize the CEO to: Audit Oversight Committee forward a recommendation to the Board of Directors to authorize the CEO to:~~

- 1) Execute MTS Doc. No. G2788.0-24 (in substantially the same format as Attachment A) with The Pun Group for a five (5) base year period in the amount of \$1,143,722.35, plus three (3) 1-year options in the amount of \$771,190.85 for a total contract amount of \$1,914,913.20; and
- 2) Exercise the option years at the CEO’s discretion.

/S /Sharon Cooney
 Sharon Cooney
 Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachments: A. Draft Agreement MTS Doc. No. G2788.0-24
 B. Cost Proposal



**STANDARD AGREEMENT
FOR
MTS DOC. NO. G2788.0-24
EXTERNAL AUDITING SERVICES**

THIS AGREEMENT is entered into this _____ day of _____, 2024 in the State of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: The Pun Group, Inc. Address: 4660 La Jolla Village Drive, Suite 100
San Diego CA 92122
City State Zip

Form of Business: Partnership Email: ken.pun@pungroup.com
(Corporation, Partnership, Sole Proprietor, etc.)

Telephone: 949-777-8801

Authorized person to sign contracts Kenneth H. Pun Managing Partner
Name Title

The Contractor agrees to provide services as specified in the conformed Scope of Work/Technical Specification (Exhibit A), Contractor's Cost/Pricing Form (Exhibit B), and in accordance with the Standard Agreement, including Standard Conditions (Exhibit C), and Forms (Exhibit D).

The contract term is for up to five (5) base years with three (3) 1-year options, exercisable at MTS's sole discretion, for a total of eight (8) years. Base period shall be effective April 1, 2024 through March 31, 2029 and option years shall be effective April 1, 2029 through March 31, 2032, if exercised by MTS.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$1,143,722.35 for the base years and \$771,190.85 for the option years, for a contract total not to exceed \$1,914,913.20 without the express written consent of MTS.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	THE PUN GROUP, INC.
By: _____ Sharon Cooney, Chief Executive Officer	By: _____
Approved as to form:	
By: _____ Karen Landers, General Counsel	Title: _____



**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
COST PROPOSAL FORM
EXTERNAL AUDITING SERVICES - MTS DOC. G2788.0-24**

BASE YEAR 1			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 146,000.00
SDTC Pension Plan	80		\$ 15,000.00
Compliance Audits			
Single Audit	60		\$ 9,000.00
Agreed Upon Procedures			
NTD	60		\$ 9,000.00
TDA	60		\$ 9,000.00
Indirect Cost	40		\$ 6,000.00
As-Needed Services			
Fixed Asset Review	80	165	\$ 13,200.00
Ad hoc Requests	50	165	\$ 8,250.00
TOTAL COST:			\$ 215,450.00
BASE YEAR 2			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 150,380.00
SDTC Pension Plan	80		\$ 15,450.00
Compliance Audits			
Single Audit	60		\$ 9,270.00
Agreed Upon Procedures			
NTD	60		\$ 9,270.00
TDA	60		\$ 9,270.00
Indirect Cost	40		\$ 6,180.00
As-Needed Services			
Fixed Asset Review	80	170	\$ 13,600.00
Ad hoc Requests	50	170	\$ 8,500.00
TOTAL COST:			\$ 221,920.00

BASE YEAR 3			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 154,891.40
SDTC Pension Plan	80		\$ 15,913.50
Compliance Audits			
Single Audit	60		\$ 9,548.10
Agreed Upon Procedures			
NTD	60		\$ 9,548.10
TDA	60		\$ 9,548.10
Indirect Cost	40		\$ 6,365.40
As-Needed Services			
Fixed Asset Review	80	175	\$ 14,000.00
Ad hoc Requests	50	175	\$ 8,750.00
TOTAL COST:			\$ 228,564.60
BASE YEAR 4			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 159,538.14
SDTC Pension Plan	80		\$ 16,390.91
Compliance Audits			
Single Audit	60		\$ 9,834.54
Agreed Upon Procedures			
NTD	60		\$ 9,834.54
TDA	60		\$ 9,834.54
Indirect Cost	40		\$ 6,556.36
As-Needed Services			
Fixed Asset Review	80	180	\$ 14,400.00
Ad hoc Requests	50	180	\$ 9,000.00
TOTAL COST:			\$ 235,389.04

BASE YEAR 5			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 164,324.29
SDTC Pension Plan	80		\$ 16,882.63
Compliance Audits			
Single Audit	60		\$ 10,129.58
Agreed Upon Procedures			
NTD	60		\$ 10,129.58
TDA	60		\$ 10,129.58
Indirect Cost	40		\$ 6,753.05
As-Needed Services			
Fixed Asset Review	80	185	\$ 14,800.00
Ad hoc Requests	50	185	\$ 9,250.00
TOTAL COST:			\$ 242,398.71
OPTION YEAR 1			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 169,254.01
SDTC Pension Plan	80		\$ 17,389.11
Compliance Audits			
Single Audit	60		\$ 10,433.47
Agreed Upon Procedures			
NTD	60		\$ 10,433.47
TDA	60		\$ 10,433.47
Indirect Cost	40		\$ 6,955.64
As-Needed Services			
Fixed Asset Review	80	190	\$ 15,200.00
Ad hoc Requests	50	190	\$ 9,500.00
TOTAL COST:			\$ 249,599.17

OPTION YEAR 2			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 174,331.64
SDTC Pension Plan	80		\$ 17,910.78
Compliance Audits			
Single Audit	60		\$ 10,746.47
Agreed Upon Procedures			
NTD	60		\$ 10,746.47
TDA	60		\$ 10,746.47
Indirect Cost	40		\$ 7,164.31
As-Needed Services			
Fixed Asset Review	80	195	\$ 15,600.00
Ad hoc Requests	50	195	\$ 9,750.00
TOTAL COST:			\$ 256,996.15

OPTION YEAR 3			
Services	Total Hours	Fully Burdened Hourly Rate	Cost
Financial Statements			
ACFR	900		\$ 179,561.58
SDTC Pension Plan	80		\$ 18,448.11
Compliance Audits			
Single Audit	60		\$ 11,068.86
Agreed Upon Procedures			
NTD	60		\$ 11,068.86
TDA	60		\$ 11,068.86
Indirect Cost	40		\$ 7,379.24
As-Needed Services			
Fixed Asset Review	80	200	\$ 16,000.00
Ad hoc Requests	50	200	\$ 10,000.00
TOTAL COST:			\$ 264,595.53

Description	Total
Base Year 1	\$ 215,450.00
Base Year 2	\$ 221,920.00
Base Year 3	\$ 228,564.60
Base Year 4	\$ 235,389.04
Base Year 5	\$ 242,398.71
Option Year 1	\$ 249,599.17
Option Year 2	\$ 256,996.15
Option Year 3	\$ 264,595.53
Grand Total	\$ 1,914,913.20

Under the cost proposal, Proposer shall propose the all-inclusive fixed fee of for each audit and an all-inclusive hourly rate for as-needed services. Proposers shall provide any cost breakdown they would like MTS to review for supplemental information. As-Needed Services hours not

External Auditing Services

Audit Oversight Committee

Background and Scope of Work

- MTS is required to have an external audit firm perform a variety of annual audits and Agreed Upon Procedures (AUP).
 - Audits
 - MTS Financial Audit and ACFR publication
 - SDTC Employee Retirement Plan Audit
 - Single Audit (FTA requirement)
 - AUPs
 - National Transit Database (NTD) compliance report
 - Transportation Development Act (TDA) compliance report (3 reports)
 - Federal Awards Indirect Cost Rate compliance report
- Additionally, MTS collaborates with the external audit firm on implementing new accounting standards (GASB) as well as the treatment of complex accounting issues.
- New Contract Term:
 - Begins April 1, 2024
 - Contract Length: Five (5) base years + Three (3) 1-year options

Historical / Existing Contract

- Caporicci and Larson (2006 – 2014)
 - 5 Base Years
 - 3 Option Years
- The Pun Group (2014 – 2024)
 - 5 Base Years
 - 3 Option Years
 - Additional 2 Contract Years (GASB Implementations)

Solicitation Process

- Procurement

On September 25, 2023, MTS issued a Request for Proposals (RFP) for an External Auditing Services Contractor. MTS received six (6) proposals on the due date of November 3, 2023 from the following:

1. Crowe LLP
2. Davis Farr LLP
3. Eide Bailly LLP
4. Plante & Moran, PLLC
5. The Pun Group, LLP
6. Vasquez & Company LLP

Solicitation Process (cont.)

- Evaluations

- Selection committee – MTS Finance, Accounting, Internal Audit departments

- Proposals were evaluated on the following:

Qualifications of the Firm or Individual	30%
Staffing, Organization, and Management Plan	25%
Work Plan	25%
Cost and Price	<u>20%</u>
Total	100%

Solicitation Process (cont.)

Panel evaluated technical and cost proposals:

Proposer	Average Technical Score (Points Possible: 80)	Average Cost Score (Points Possible: 20)	Total Score (Points Possible: 100)	Ranking
The Pun Group	68.30	20.00	88.30	1
Crowe	53.40	17.16	70.56	2
Plante & Moran	56.20	11.20	67.40	3
Vasquez & Company	46.20	17.50	63.70	4
Eide Bailly	46.50	14.16	60.66	5
Davis Farr	37.80	19.95	57.75	6

Solicitation Process (cont.)

- Three (3) firms were determined to be within the competitive range (The Pun Group, Crowe, and Plante & Moran)
- These firms were invited to participate in the interview process, which consisted of both a presentation and Q&A
- Subsequent to the interviews, the panel re-evaluated based on information received as follows:

Proposer	Average Technical Score (Points Possible: 80)	Average Cost Score (Points Possible: 20)	Total Score (Points Possible: 100)
The Pun Group	67.80	20.00	87.80
Plante & Moran	61.80	11.20	73.00
Crowe	51.80	17.16	68.96

Solicitation Process (cont.)

- After subsequent cost negotiations:
 - Cost scores were updated
 - The Pun Group presented the best overall value to MTS

Proposer	Average Technical Score (Points Possible: 80)	Average Cost Score (Points Possible: 20)	Total Score (Points Possible: 100)	8-Year Negotiated Contract Cost	Ranking
The Pun Group	67.80	20.00	87.80	\$1,914,913.20	1
Plante & Moran	61.80	11.41	73.41	\$3,355,155.00	2

The Pun Group

- Governmental accounting firm with public transit experience and a long list of GFOA recipients
- Experienced with Single Audit with key members achieving advanced AICPA certifications
- NTD, TDA and Indirect Cost experience
- Strong platform for securely sharing data
- Local firm with strong presence in region
- Artificial Intelligence (AI) adoption for transaction testing
- Small firm affiliated with a large accounting network (Allinial Global) to access broader accounting resources
- Cost savings from Plante & Moran - \$1,440,241.80

The Pun Group

- Familiarity Threat – Per the American Institute of Certified Public Accountants (AICPA), the familiarity threat is present because the auditor may be too accepting of the client's data due to the long-standing relationship with the client.
- Mitigation of Risk: The Pun Group has done / will do the following:
 - Rotated Engagement Partners three times throughout the relationship
 - For the new contract, assigned new team members for the following roles:
 - Quality Control Reviewer
 - Engagement/Project Director
 - Engagement Manager
 - Senior Auditor
 - Continued Peer Reviews with other Accounting Firms
 - Every three (3) years

Staff Recommendation

That the San Diego Metropolitan Transit System (MTS) Audit Oversight Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to:

- Execute MTS No. G2788.0-24 (in substantially the same format as Attachment A), with The Pun Group, LLP. (The Pun Group), for External Auditing Services for a five (5) base year period with three (3) 1-year options; and
- Exercise the option years at the CEO's discretion.