

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Martin E. Nohe and Members
Northern Virginia Transportation Authority

FROM: Mayor Parrish, Chair, Finance Committee

DATE: March 16, 2017

SUBJECT: Contract for Financial Statement Audit Services

- 1. Purpose:** Seek Northern Virginia Transportation Authority (NVTA) approval to contract for financial statement audit services with PBMares LLP through a contract rider with the Virginia Railway Express (VRE). The Finance Committee has reviewed and recommends approval of the procurement rider and agreement with PBMares LLP.
- 2. Suggested motion:** *I move Authority approval to acquire financial statement audit services through a rider on the VRE/PBMares LLP contract and authorize the NVTA Chief Financial Officer to sign related service agreements for fiscal year 2017 through fiscal year 2021.*
- 3. Background:** The Audit Committee is responsible for approving the selection of an audit firm and audit plan supporting the preparation of annual financial statements. (NVTA Bylaws – Article V. Section B.1.(g))
 - a. Transparency and Competition - Services obtained through public funds are best procured in a transparent and competitive environment.
 - i. On February 2, 2015, a joint Request for Proposals (RFP) for financial statement auditing services was issued by Northern Virginia Transportation Commission (NVTC), Potomac and Rappahannock Transportation Commission (PRTC) and Virginia Railway Express (VRE) for a base period of three years beginning with FY2015, with options for two additional two-year periods. The RFP was issued in accordance with Section 2.2-4303 of the Virginia Procurement Act.
 - ii. Five proposals were received and ranked by the selection committee in accordance with the guidelines specified in the RFP. The selection committee was made up of financial staff from NVTC, PRTC, VRE, and the Authority's Chief Financial Officer.
 - iii. The selection committee recommended the contract be awarded to PBMares, LLP, the highest ranked proposing firm.
 - b. Continuity – PBMares, LLP has served as the financial auditors for the Authority since FY2014 and the auditors for NVTC and VRE since 2003.
 - c. Procurement Method – The Authority can utilize a contract rider option contained in the Financial Audit Services contract between PBMares, LLP and Virginia Railway Express.

- 4. Fiscal Impact:** Within the expected scope of activities, the cost of audit services for FY2017 through FY2021 is not expected to exceed \$27,500.00/year. This amount includes the base audit functions as priced in the attached fee proposal and services based on an hourly rate for consulting and potential debt issuance activities. This amount is consistent with the FY2017 and FY2018 budgets.

Attachment: PBMares, LLP Non-Binding Audit Fee Proposal dated October 24, 2016

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY*

OCTOBER 24, 2016

NON-BINDING AUDIT FEE PROPOSAL:

Year Ending	Audit Fee
June 30, 2017	\$ 24,500
June 30, 2018	25,500
June 30, 2019	26,500
June 30, 2020	27,500
June 30, 2021	27,500

These fees includes all out-of-pocket travel costs and report preparation costs.

The fees do not include costs associated with the implementation of, or audit proced required for new GASB pronouncements or APA requirements.

The fees above do not include the review of any POS or OS in conjunction with the issuance of debt or providing any "comfort letters."

*Procurement based on Northern Virginia Transportation Commission RFP 15-01 "Financial Auditing Services"

Consulting as requested:	Hourly Rates
Partner	\$ 275
Manager	200
Staff	165
Administrative	100

Signed on behalf of PBMares, LLP: (Electronically)

Michael A Garber
Name

Partner **10/24/16**
Title Date