

AGENDA ITEM 8-C
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: APRIL 18, 2008

RE: AUTHORIZATION TO AWARD A CONTRACT FOR AUDITING SERVICES

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to award a contract to PBGH LLP for auditing services for three years with options to extend for up to four additional years, in two year increments, in an amount not to exceed \$347,525 over the seven-year period.

BACKGROUND:

In April, 2003, the Northern Virginia Transportation Commission (NVTC) entered into a contract with PBGH for the audit of the financial statements of NVTC and VRE. The contract was for a three-year period with an optional two-year extension and the agreement was between NVTC and PBGH for the audit of both organizations. The last year of the extension was for the recently completed audit of the FY 2007 financial statements.

On February 15, 2008, NVTC issued a Request for Proposals for the provision of auditing services for NVTC and VRE, with the intention of each organization entering into a separate contract with the selected auditor. Proposals were due on March 14, 2008. Three proposals were received and evaluated by a selection committee made up of financial staff from NVTC, VRE, PRTC and DRPT. The evaluation process incorporated the best practices of the Government Finance Officers Association and the policies and practices of local jurisdictions.

Following the evaluation, the committee recommended award to PBGH. The proposed price for the first year of VRE's contract is \$44,000, with increases between 3% and 4% in subsequent years. Additional fees as the result of new auditing pronouncements applicable to the engagement and fees for an audit under the Single Audit Act, when required for VRE, will be negotiated based upon specified hourly rates.

PBGH's current audit clients include PRTC, the City of Fairfax, Northern Virginia Regional Park Authority, the Prince William County School Board and the Town of Leesburg. The firm is a member of the McGladrey Network, which gives them access to the extensive resources of the sixth largest accounting firm in the country.

The VRE Audit and Finance Committee concurred with the staff recommendation at their meeting on April 18, 2008, prior to the Operations Board meeting. NVTC approved the award of the contract to PBGH for auditing services to NVTC at their meeting on April 3, 2008.

FISCAL IMPACT:

Funds for this contract are available annually in the operating budget.

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**RESOLUTION
8C-04-2008
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, in April 2003 the Northern Virginia Transportation Commission (NVTC) entered into a contract with PBGH for the audit of the financial statements of NVTC and VRE; and,

WHEREAS, the contract was for a three-year period with an optional two-year extension; and

WHEREAS, the last extension was for the audit of the FY 2007 financial statements; and

WHEREAS, on February 15, 2008 the Northern Virginia Transportation Commission issued a Request for Proposals for the provision of auditing services to both NVTC and VRE; and,

WHEREAS, the intention is for VRE and NVTC to have separate contracts and the NVTC contract was approved on April 3, 2008; and,

WHEREAS, the VRE Audit and Finance Committee has recommended approval of this contract award.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to award a contract for auditing services to PBGH LLB for three years with options to extend for up to four additional years, in two year increments, in an amount not to exceed \$347,525 for the seven-year period.

