To: Chairman Milde and the VRE Operations Board

From: Doug Allen

Date: September 19, 2014

Re: Authorization to Amend the Contract for Auditing Services

Recommendation:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to amend the contract with PBMares, LLP for auditing services to increase the not to exceed contract value by $20,000 from $347,525 to $367,525 for the seven-year term of the contract, including option periods.

Background:

In February 2008, NVTC issued a Request for Proposals for the provision of financial auditing services for NVTC and VRE, with the intention of each organization entering into a separate contract with the selected auditor. Proposals were evaluated by a selection committee made up of financial staff from NVTC, VRE, PRTC and DRPT, and PBGH (now PBMares, LLP) was selected in April 2008, after concurrence by VRE’s Audit and Finance Committee. In accordance with the best practices recommended by the Government Finance Officers Association, the term of the contract was for three years with options to extend for up to four additional years. The final year of the current contract is for the audit of VRE’s FY 2014 financial statements, currently in process.
The contract price was based on a fixed amount of $44,000 for the annual financial audit with increases in subsequent years of approximately 3.5%. Under the contract, additional fees for other required or requested services were to be negotiated based on specified hourly rates; the approved contract amount did not include contingency for these costs.

During the term of the contract, additional fees were agreed to in the total amount of $14,455 for the following purposes:

- Conducting procedures at VRE under the federal Single Audit Act for FY 2008 - $4,000.
- Assisting in responses to accounting issues raised by the FTA during a Financial Management Oversight review – FY 2009/FY 2010 - $2,700
- Special examination report as requested by the Operations Board – FY 2012/FY 2013 - $7,755

In addition, some additional fees may be incurred in the current fiscal year as the result of new requirements for testing the data that underlies the information provided by the Virginia Retirement System.

As a result, authorization is requested to increase the contract value by $20,000.

**Fiscal Impact:**

The bulk of the additional costs were incurred during the years in which the work was completed and were covered by cost savings in other areas.
Virginia Railway Express
Operations Board

Resolution
9H-09-2014

Authorization to Amend the Contract for Auditing Services

WHEREAS, in April 2008 VRE executed a contract with PBGH (now PBMares, LLP) for financial auditing services for an initial three years with options to extend to up to four additional years in an amount not to exceed $347,525; and,

WHEREAS, the contract provided for the negotiation of additional fees for other required or requested services based on specified hourly rates; and,

WHEREAS, other services have been performed during the contract term in the total amount of $14,455 and additional services may be required during the final contract year.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the contract with PBMares by increasing the not to exceed contract value by $20,000 from $347,525 to $367,525 for the seven-year term of the contract.

Approved this 19th day of September, 2014

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Paul Milde
Chairman

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Gary Skinner
Secretary