

BOARD MEETING DATE: April 7, 2023

AGENDA NO. 8

**PROPOSAL:** Execute Contract for Independent Audit Services for FYs Ending June 30, 2023, 2024, and 2025

**SYNOPSIS:** On November 4, 2022, the Board approved release of an RFP for independent financial audit services. Four proposals were submitted to the Administrative Committee for consideration at its March 3, 2023 meeting. After the Committee interviewed representatives of each of the firms, The Pun Group, LLP was selected to be recommended to the full Board.

**COMMITTEE:** Administrative, March 10, 2023; Recommended for Approval

**RECOMMENDED ACTION:**

Authorize the Chair to execute a contract with The Pun Group, LLP for performance of the South Coast AQMD's Financial Audits for FYs ending June 30, 2023, 2024 and 2025 in an amount not to exceed \$170,000.00.

Wayne Natri  
Executive Officer

SJ:gp

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**Background**

A financial audit is performed annually on South Coast AQMD in compliance with the California Government Code and audit requirements for federal awards under the Uniform Guidance.<sup>1</sup> This audit is performed by independent Certified Public Accountants, and their reports are addressed to the Board. The Board approved release of an RFP for independent financial services.

**Outreach**

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

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<sup>1</sup> Office of Management and Budget – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200, is referred to as the Uniform Guidance.

Additionally, potential bidders may have been notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the RFP was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on South Coast AQMD's website (<http://www.aqmd.gov>).

### **Bid Evaluation**

Notice of RFP #P2023-03 was sent out to forty-nine firms who have requested to be notified of South Coast AQMD procurement for auditing services. Six proposals were received prior to the bid closing at 1:00 p.m. on February 1, 2023.

The evaluation panel consisted of a Santa Barbara County Air Pollution Control District Administrative Division Manager and two South Coast AQMD staff: a Principal Deputy District Counsel and a Financial Analyst. Of the three panelists, two are Middle Eastern and one is Caucasian, one male and two female. The evaluation results for the four bidders that qualified are as follows:

BIDDER	ANNUAL AUDIT HOURS	BID AMOUNT 3 YEARS	TECHNICAL SCORE	NOT ENGAGED WITH SOUTH COAST AQMD IN LAST 5 YEARS	LOCAL FIRM	TOTAL POINTS *	OVERALL RANK
The Pun Group, LLP	410	\$170,000	65	√	√	108	1
Lance, Soll & Lunghard, LLP	373	\$165,480	64	√	√	98	2
Badawi & Associates	560	\$169,815	59	√	**	87	3
Simpson and Simpson, LLP	712	\$293,636	66	√	√	81	4

\* Total maximum points of 127

\*\* Not a local firm

The selection criteria used to rank the proposals included responsiveness to the RFP; technical expertise; qualifications and experience; past performance; cost; SB/SBJV/DVBE/DVBEJV/DVBE/SB subcontractors/local business designation (non-EPA). Based on the panel's assessment of the criteria, the top four qualifying bidders were submitted to be Administrative Committee for consideration and recommendation to the full Board. The Committee recommended The Pun Group LLP.

### **Resource Impacts**

The maximum audit costs, including out-of-pocket expenses, are \$55,000, \$56,650, and \$58,350 for FYs ending June 30, 2023, 2024, and 2025, respectively. Funding will be requested through the annual budget process.