

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

Action
 Information

MEAD Number:

Resolution:
 Yes No

PURPOSE

Initiate action to change the process for selecting the external auditing firm that conducts the annual financial audit of Metro from the Finance, Administration and Oversight Committee to the Office of Inspector General.

DESCRIPTION

Resolution #83-3 approved January 6, 1983, established the policy that the contracting of external audit services is the direct responsibility of the Board of Directors, and that the External Auditor will be selected by the Board of Directors. Resolution #2000-13 approved February 10, 2000, directs the Board of Directors Audit Committee to procure and present to the Board of Directors a qualified candidate for External Auditor services in accordance with established polices and general guidelines.

General guidelines include the following:

1. Solicit the major accounting firms (current contractor excluded);
2. Use best value procurement allowing Metro to procure the best technically qualified firm with a reasonable price rather than the lowest price only;
3. Establish an Evaluation Support Team to develop evaluation criteria for the procurement and submit these criteria to the Finance, Administration and Oversight Committee for approval; Evaluation Support Team will evaluate the proposals and present the evaluations to the Finance, Administration and Oversight Committee. The Finance, Administration and Oversight Committee will select the proposers to make Oral Presentations at the conclusion of the initial evaluation process; and
4. The Finance, Administration and Oversight Committee will hear Oral Presentations by the selected proposers. The Finance, Administration and Oversight Committee will recommend the firm that has submitted the best value proposal to the Board of Directors for approval.

Resolution #2006-18, approved April 20, 2006, established responsibility for the supervision of Metro's annual independent audit of financial accounts by the Office of Inspector General. With the establishment of the Office of Inspector General, as well as its subject area expertise on financial statement audits and related matters, the Board of Directors delegates responsibility for selecting the external auditing firm to perform the annual financial audit of Metro to the Office of Inspector General. The Assistant Inspector General, Audit, will establish an Evaluation Support Team to evaluate the proposals submitted by major accounting firms. The Inspector General will recommend the firm that has submitted the best value proposal to the Finance, Administration and Oversight Committee for approval. The Committee will recommend the best value proposal to the Board of Directors for final approval.

FUNDING IMPACT

None. This work is the responsibility of the Office of Inspector General.

RECOMMENDATION

That the Board of Directors approve the Office of Inspector General's request to change the process for selecting an external auditing firm to conduct the financial statement and Single Audit Act audits.

PRESENTED & ADOPTED:

SUBJECT: GUIDELINES FOR PROCUREMENT OF EXTERNAL AUDITOR SERVICES

PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Board of Directors, through the adoption of Board Resolution #83-3, with Attachments 1 and 2, provided direction for internal and external audits; and

WHEREAS, The Board of Directors, through the adoption of Board Resolution #2006-18, established responsibility for the supervision of WMATA's annual independent audit of financial accounts by the Office of Inspector General; and

WHEREAS, The contract for the current External Auditor will expire May 30, 2008; now, therefore be it

RESOLVED, That the Inspector General is directed to procure and recommend to the Board of Directors a qualified candidate for External Auditor services in accordance with established policies and the following general guidelines:

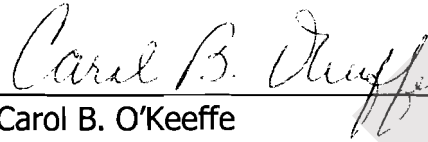
- 1) Solicit major accounting firms;
- 2) Use best value procurement allowing WMATA to procure the best technically qualified firm with a reasonable price rather than the best price only;
- 3) The Assistant Inspector General, Audit will establish an Evaluation Support Team who will evaluate the proposals submitted by CPA firms and present the evaluations to the Inspector General;
- 4) The Inspector General and the Evaluation Support Team will hear Oral Presentations by the selected proposers. The Inspector General will recommend the Proposer that has submitted the best value proposal to the Board Finance, Administration and Oversight Committee for approval; and
- 5) The Board Finance, Administration and Oversight Committee will consider the Proposer identified by the Inspector General that has submitted the best value proposal and recommend appropriate action to the Board of Directors.

and be it further

RESOLVED, That this Resolution supercedes the guidelines for External Auditor selection contained in Board Resolution No. 2003-13; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Carol B. O'Keeffe
General Counsel

PROPOSED