



Legislation Text

File #: 2022-0260, **Version:** 1

DATE: October 11, 2022

SUBJECT:

RESOLUTION SELECTING AND AUTHORIZING AN AGREEMENT WITH TAP INTERNATIONAL, INC. FOR AS-NEEDED INTERNAL AUDIT SERVICES FOR AN AMOUNT NOT TO EXCEED \$300,000 AND A DURATION OF FIVE YEARS. FISCAL YEAR 2023 FUNDS ARE BUDGETED. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.

EXECUTIVE SUMMARY:

The Port is strategically changing processes in the way it conducts business using innovative thinking and technology. This approach requires the application of new skillsets and assurances over Port processes/procedures. Risks associated with a dynamic business environment create an increased need for consistent audit coverage related to strategic processes and initiatives. This agreement for as-needed internal audit services will supplement internal staff in order to adequately address the Port's routine audit areas and sufficiently provide coverage of new Port-wide processes and initiatives.

A Request for Qualifications (RFQ) was issued on March 29, 2022; five submittals were received during the 30-day advertisement period. In addition, three firms were interviewed by an evaluation panel of District staff representing the Office of the Port Auditor, Government and Civic Relations, and Procurement. Based on the interviews, written proposals, and a decision analysis process, using the criteria stated in the RFQ, the evaluation panel recommended TAP International, Inc. to the Audit Oversight Committee. On September 22, 2022, the Audit Oversight Committee approved and recommended an agreement with TAP International, Inc. for Board approval (Attachment A).

RECOMMENDATION:

Adopt a Resolution selecting and authorizing an agreement with TAP International, Inc. for as-needed internal audit services for an amount not to exceed \$300,000 and a duration of five years. Fiscal Year 2023 funds are budgeted. Funds required for future Fiscal Years will be budgeted in the appropriate year, subject to board approval upon adoption of each Fiscal Year's budget.

FISCAL IMPACT:

Funds for the first year of this expenditure are included in the FY 2023 approved budget for the Port Auditor in the Services - Professional account (#620100). Funds required for future Fiscal Years will be budgeted in the appropriate year, subject to board approval upon adoption of each Fiscal Year's

budget.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A financially sustainable Port that drives job creation and regional economic vitality.
- Not applicable.

DISCUSSION:

This agenda item selects and authorizes an as-needed agreement for internal audit services. The services provided supplement internal staff to adequately address the Port's routine audit areas and sufficiently provide coverage of new Port-wide processes and initiatives. Before issuing individual task authorizations (TAs) under these agreements, Port Auditor staff will define a TA-specific scope of work, and an appropriate fee will be negotiated for the requested work.

RFQ and Service Provider Selection

Pursuant to BPC Policy No. 110, the Port Auditor's Office issued RFQ #17-68CH on March 29, 2022, seeking qualified firms to provide as-needed internal audit services. An RFQ information exchange meeting was conducted on April 5, 2022, which firms attended. During the open period for receiving bids, five firms submitted proposals. Three firms were then selected for interview. Proposals were evaluated by a panel comprised of District staff from the Office of the Port Auditor, Procurement, and Government and Civic Relations. Based on this evaluation, the following top three firms were selected for interviews: Crowe, LLP, TAP International, Inc., and KPMG, LLP. The evaluation panel considered the Firms' proposals, presentations, and responses to the interview questions. It then ranked the firms based on the criteria established in the RFQ. Based on this evaluation process, staff recommended TAP International, Inc. to the Audit Oversight Committee. On September 22, 2022, the Audit Oversight Committee approved and recommended an agreement with TAP International, Inc. for Board approval.

EVALUATION MATRIX FOR RFQ 22-08SP - As- Needed Internal Audit Services
PROJECT MANAGER: Mark Yielding

Purpose: Select and recommend the qualified firm for this professional services agreement.
Objectives: Use the RFQ's objectives and weights.

Process Facilitator: Sonia Pacheco

Date: 6/15/22

Evaluation Committee: Mark Yielding, Jane Mascarenas, Courtney Thomson

Firms: Crowe, KPMG, Tap International

| EVALUATION CRITERIA | WEIGHT | Crowe | | KPMG | | Tap International | | Comments |
|------------------------------|--------|-------|------------|-------|------------|-------------------|------------|--|
| | | Score | Total | Score | Total | Score | Total | |
| FIRM'S RELEVANT EXPERIENCE | 10 | 10 | 100 | 10 | 100 | 10 | 100 | |
| EXPERIENCE OF PROPOSED STAFF | 9 | 8 | 72 | 7 | 63 | 10 | 90 | |
| APPROACH TO THE PROJECT | 8 | 9 | 72 | 8 | 64 | 10 | 80 | |
| CAPABILITY TO PERFORM | 7 | 10 | 70 | 9 | 63 | 8 | 56 | |
| FAIR AND REASONABLE COST | 6 | 10 | 60 | 8 | 48 | 10 | 60 | Average KPMG 200 Crowe 170 Tap 177.5 Scale increments 10 170-180 |
| TOTALS | | | 374 | | 338 | | 386 | |
| SBE/ | | | 0 | | 0 | | 5 | |
| DVBE/DISABLED STAFF | | | 0 | | 0 | | 5 | |
| VETERANS STATUS | | | 0 | | 0 | | 5 | |
| GRAND TOTALS | | | 374 | | 338 | | 401 | |

The interviewed firms are discussed below:

1. TAP International, Inc.

TAP International, Inc. demonstrated a unique and collaborative approach to completing internal audits. The firm has a highly experienced staff with a combined 175 years of experience, including 22 years of experience as the Project Manager. Staff also has all preferred certifications required to perform required engagements. TAP International, Inc. has worked on numerous types of audits and has experience with west coast ports (Los Angeles, Tacoma, Long Beach). Tap International, Inc. strives to work closely with management and provide action-oriented recommendations.

2. Crowe, LLP

Crowe, LLP had a proposed staff with 63 years of experience, including a project manager with 22 years of experience. The firm demonstrated a good understanding of our scope and highlighted its strong experience with public sector projects. All proposed staff had required certifications, and many had public sector experience as well.

3. KPMG, LLP

KPMG, LLP was the Port's current provider of as-needed internal audit services. The Project managers of the engagement have a total of 42 years of experience; however, staff experience did not have the years of public sector experience as other firms had. KPMG, LLP has worked on audits with similar scopes, but the team did not highlight work with other agencies. Staff proposed had all necessary certifications, and two staff had public sector experience.

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved this agenda, proposed agreement, and resolution, as presented, as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, a resolution selecting and authorizing an agreement with Tap International, Inc. for as-needed internal audit services, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA, and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which allows the Board to pass resolutions; and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

Due to limited known sub opportunities, no SBE goal was established for this agreement. Of the three (3) interviewed firms, TAP International is an SBE and WBE and listed one DVBE sub-participant. The SBE and WBE participation for the recommended firm is 90-95%, with 2.5% DVBE participation.

| Respondent | SBE Cert | Subs | Subs Cert | DEI Bonus Category | | | DEI Policy | Total Workforce | | | Executives | | |
|-------------------|----------|------------------------------|-----------|--------------------|------------------------|-------------------------|------------|-----------------|-------|-------|------------|-------|-------|
| | | | | SBE | DVBE or Disabled Staff | Veteran Status or Staff | | Total | Women | BIPOC | Total | Women | BIPOC |
| TAP International | Yes | DVBE Technology Group (2.5%) | DVBE | Yes | Yes | Yes | Yes | 8 | 4 | 1 | 1 | 1 | 0 |
| | | Drummond Kahn (5-10%) | No | | | | | | | | | | |
| Crowe LLP | No | None | N/A | No | No | No | Yes | 3696 | 1697 | 805 | 1237 | 664 | 235 |
| KPMG LLP | No | None | N/A | No | No | No | Yes | 293 | 149 | 118 | 134 | 61 | 40 |

PREPARED BY:

Mark Yeilding
Port Auditor-Board Appointee, Office of the Port Auditor

Attachment(s):
Attachment A: Proposed Agreement
Attachment B: Procurement information
Attachment C: Resolution