



**MINUTES OF THE MEETING
SPECIAL MEETING OF THE AUDIT AND RISK COMMITTEE
SEPTEMBER 4, 2024
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Floyd Holt, Chair, Principal, Prince George's County
2. Jed Ross, Vice Chair, Alternate, District of Columbia
3. Howard Gibbs, Principal, District of Columbia
4. Richard Jackson, Principal, District of Columbia
5. Anthony Giancola, Principal, District of Columbia

OTHER BOARD MEMBERS PRESENT

6. Amy Stevens, Alternate, Montgomery County
7. Jonathan Butler, Alternate, Prince George's County

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Marc Battle, CLO and EVP, Government and Legal Affairs
3. Matthew T. Brown, CFO and EVP, Finance, Procurement and Compliance
4. Wayne Griffith, CAO and EVP
5. Jeffrey Thompson, COO and EVP
6. Michelle Rhodd, Board Secretary

The special meeting of the Audit and Risk Committee was called to order by Floyd Holt, Chairperson, at 1:00 PM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. ACTION ITEM – CONTRACT NO. 10487, INTERNAL AUDIT SERVICES, CHERRY BEKAERT ADVISORY LLC

John PappaJohn presented a goods and services contract award request for internal auditing services by Cherry Bekaert Advisory LLC. This would be a new contract award in the amount of \$3.9 million for a five-year term of three base years at \$2.3 million and two option years to extend the contract to the end of September 2029 at \$1.6 million.

John Pappajohn reported that six firms responded to the open-market solicitation released in March 2024. After completion of technical and pricing evaluations, they interviewed the two highest-ranked firms and selected Cherry Bekaert Advisory LLC as the best value. He reviewed the cost-sharing percentages with the District of Columbia, the Washington Suburban Sanitary Commission, Fairfax County, and Loudoun Water.

Jonathan Butler inquired if the selected vendor was the highest ranked in addition to the best value. Mr. Pappajohn confirmed that it was.

Anthony Giancola noted he was pleased to see the competition opened to new vendors. He asked if Cherry Bekaert had any experience with water utilities and whether the four vendors not shortlisted had been informed that they were no longer in the competition. Mr. Pappajohn was unaware of whether Cherry Bekaert had previous experience with a water utility, but he noted the firm did have experience in the public sector and with other utilities, including the North Carolina Department of Public Resources. He also noted that communications informing the other bidding firms that they were not selected is in progress and will be sent after the Board's approval of the new vendor.

Jed Ross asked why RSM had been kept on for seven years, and why a new competition was not held at the five-year mark. Wayne Griffith clarified that RSM was also on a five-year contract comprised of three base years and two option years and had just completed the two option years. Mr. Ross inquired what RMS charged for the last two years of their contract. The cost was approximately \$800,000 per year, while the three-year base bid from Cherry Bekaert was just under \$2.3 million.

Howard Gibbs expressed concern that the procurement team was not aware of whether the selected vendor had worked with another water authority. He clarified that his concern was not regarding the firm's potential lack of experience with a water authority, but that it was not known.

The Committee agreed to recommend the award of Contract No. 10487, Internal Audit Services, Cherry Bekaert Advisory LLC, to the full Board for approval.

II. EXECUTIVE SESSION

There was no executive session.

III. ADJOURNMENT

There being no other matters to come before the Committee, the meeting was adjourned at 1:14 PM.