



City of Arts & Innovation

Inclusiveness, Community Engagement, & Governmental Processes Committee Memorandum

TO: INCLUSIVENESS, COMMUNITY ENGAGEMENT, & GOVERNMENTAL PROCESSES COMMITTEE **DATE:** JULY 1, 2020

FROM: CITY MANAGER'S OFFICE **WARDS:** ALL

SUBJECT: PRESENTATION OF AUDIT FINDINGS FOR RIVERSIDE PUBLIC UTILITIES ELECTRIC AND WATER FUNDS AUDIT - DIRECT SUBMITTAL

ISSUE:

Receive a presentation of the audit findings for the Riverside Public Utilities Electric and Water Funds Audit.

RECOMMENDATION:

That the Inclusiveness, Community Engagement, & Governmental Processes Committee receive a presentation of the audit findings for the Riverside Public Utilities Electric and Water Funds Audit.

BACKGROUND:

On May 14, 2018, the Board of Public Utilities (Board), with all members present, conducted a Public Hearing to receive public input related to the electric and water utility five-year rate proposal. Following discussion, the Board recommended that the City Council adopt a resolution approving the 2018-2022 Electric and Water Rules and Rates and conduct an annual review of the adopted rates.

On May 22, 2018, following discussion, the City Council received input on the 2018-2022 Electric and Water Rules and Rates and adopted a resolution approving the 2018-2022 Electric and Water Rules and Rates as outlined in the staff report, with water rates effective July 1, 2018 and Electric Rates effective January 1, 2019. The Council also approved an annual review of the adopted rates.

During the May 22, 2018 City Council meeting, a request was made by Councilmembers for an external financial audit to be conducted of the Riverside Public Utilities (RPU) Water and Electric

funds. Subsequent to the meeting, additional requests for an audit of the RPU funds have been received.

On March 25, 2019, the Board of Public Utilities considered the Professional Consultant Services Agreement with Eadie and Payne, LLP. After discussion, the Board unanimously voted to continue the item for 30 days, requested staff provide a summary of all the audits with the associated cost and staff time for FYs 2013-2018 that were conducted on RPU; and requested staff provide an estimate cost of staff time to prepare for this audit.

On April 22, 2019, the Board of Public Utilities considered the Professional Services Agreement for audit services of Riverside Public Utilities Electric and Water Fund with Eadie and Payne LLP, of Riverside, California in an amount not to exceed \$60,000. After discussion, the Board, with all members present, unanimously voted to recommend that the City Council approve a Professional Consultant Services Agreement for audit services of Riverside Public Utilities Electric and Water Fund with Eadie and Payne, LLP, of Riverside, California, in response to RFP No. 1880 for a term ending June 30, 2020 in an amount not to exceed \$60,000, amending Section 2 of the Agreement, “term”, to provide that consultant shall not commence services until the 2019 City Council election results have been certified, the new City Council members have assumed office, and Riverside Public Utilities has presented its first annual report on the rate plan to the City Council.

On May 14, 2019, the City Council approved the Professional Consultant Services Agreement with Eadie and Payne LLP for audit services of Riverside Public Utilities Electric and Water Funds in the amount of \$60,000, without the revisions proposed by the Board of Public Utilities, to be paid from the General Fund and to begin immediately upon contract execution.

DISCUSSION:

Eadie and Payne, LLC, conducted the audit of the Riverside Public Utilities Electric and Water Funds as requested. The firm prepared a detailed report and a presentation outlining their findings. The firm will now present their findings to the Committee.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Brandi Becker, Principal Management Analyst

Certified as to

availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer

Approved by: Al Zelinka, FAICP, City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Audit Report
2. Presentation