



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** NOVEMBER 20, 2015

**ITEM NO:** 7

File ID – 15-3687 – D

**SUBJECT:** PROFESSIONAL SERVICES AGREEMENT FOR THE FINANCIAL AND PERFORMANCE AUDIT PROGRAM FOR THE RIVERSIDE PUBLIC UTILITIES – FOR \$135,000

**ISSUE:**

The issue for Board of Public Utilities consideration is to approve an expenditure in the amount of \$135,000 for a financial and performance audit, and to recommend that the City Council approve a Professional Services Agreement for the work by outside auditors.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve the expenditure of \$135,000 for the financial and performance audits;
2. Recommend that the City Council approve a Professional Services Agreement with Baker Tilly Virchow Krause, LLP. ("Baker Tilly"), of Madison, Wisconsin, in an amount not to exceed of \$135,000 to conduct a financial and performance audit of Riverside Public Utilities; and
3. Recommend that the City authorize the City Manager, or his designee, to execute the Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transactions.

**BACKGROUND:**

On July 28, 2015, the City Council endorsed the Financial and Performance Audit Program providing for comprehensive and independent financial and performance audits of all departments by qualified experts on a five-year rotating basis. The first three departments to be audited are the Human Resources Department, Finance Department and Riverside Public Utilities.

On August 7, 2015 the Board of Public Utilities made recommendations to the City Council regarding the scope of the proposed financial and performance audits. On August 11, 2015, the City Council approved the recommended scope.

On September 9, 2015, Request for Qualifications (RFQ) 1547 was issued to seek proposals to provide independent, outside audits the Finance Department, Human Resources Department and Riverside Public Utilities.

Eight firms submitted proposals in response to the RFQ, including six firms proposing audits of the Public Utilities Department:

Firm	Financial	Performance	Financial	Performance	Financial	Performance
	Finance		Human Resources		Public Utilities	
Arroyo Associates, Inc., Pasadena, CA	X	X				
Baker Tilly, Madison, WI	X		X		X	X
Harvey M Rose Associates, LLC, San Francisco, CA	X	X	X	X	X	
Leidos Engineering, LLC, Granite Bay, CA		X				X
Macias Gini & O'Connell LLP, Los Angeles, CA	X	X	X	X		
Matrix, Mountain View, CA	X	X	X	X	X	X
Navigant Consulting, Inc., Los Angeles, CA					X	X
Vasquez & Company LLP, Los Angeles, CA	X	X	X	X	X	X

A panel of City experts reviewed all proposals based on the criteria described in RFQ 1547, evaluated the responses, the quality of the proposals and the pricing. The panel unanimously determined there were efficiencies gained by issuing a single contract for each department to perform both the financial and performance audits.

Based on the review and ranking of the proposals by the panel, and considering the interest in having one firm for both performance and financial audits for each department, the panel interviewed two firms for each RPU and Finance, and three firms for HR. Based on the interviews' scores, staff recommends Baker Tilly for the Riverside Public Utilities audits, with a not to exceed amount of \$135,000

Riverside Public Utilities will fund the Baker Tilly contract as outlined in the attached scope of work. The City Manager's office has retained Lee C. McDougal to serve as a project manager for this work reporting to the City Manager through Assistant City Manager Marianna Marysheva-Martinez.

### **FISCAL IMPACT:**

The total fiscal impact to Riverside Public Utilities is \$135,000. Funds are budgeted and available in the Professional Services Account No 600000-421000, for an amount not to exceed \$135,000.

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 Approved by: John A. Russo, City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

### **Attachments:**

1. Professional Consultant Services Agreement – Baker Tilly
2. Presentation