

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** JULY 25, 2016

**ITEM NO:** 5

**SUBJECT:** THIRD AMENDMENT TO THE AGREEMENT WITH BAKER TILLY VIRCHOW KRAUSE, LLP FOR PROFESSIONAL CONSULTANT SERVICES FOR AN EXAMINATION AND PERFORMANCE AUDIT EXTENDING THE TERM OF THE AGREEMENT TO OCTOBER 1, 2016

**ISSUE:**

The item for Board of Public Utilities consideration is approval of a Third Amendment to the Professional Services Agreement (Agreement) with Baker Tilly Virchow Krause, LLP for an examination of the Northside Property transactions, a performance audit regarding fiscal policies and review of the City's departmental cost allocation model charged to the Electric and Water Funds, extending the term of the Agreement from August 1, 2016 to October 1, 2016.

**RECOMMENDATION:**

That the Board of Public Utilities approve the Third Amendment to the Professional Service Agreement with Baker Tilly Virchow Krause, LLP for the performance audit to extend the term through October 1, 2016.

**BACKGROUND:**

On August 7, 2015, the Board of Public Utilities (Board) approved the Agreement with Baker Tilly Virchow Krause, LLP. (Baker Tilly) in the amount of \$58,335, for the purpose of conducting an examination and performance audit for Riverside Public Utilities. The scope of the examination focuses on three areas:

- Project 1 – Examination of Northside property transactions;
- Project 2 – Performance audit regarding RPU's fiscal policies; and
- Project 3 – Review of the City's departmental cost allocation model charged to the Electric and Water Funds.

The work for the three projects is a coordinated effort between RPU Finance and City Finance divisions. The projects were originally projected to be completed by November 15, 2015. With other competing finance initiatives and deadlines and also staff turnover, the projects have taken longer than planned. Projects 1 and 2 are completed, however Project 3 relating to review of the cost allocation model has been delayed due to staff turnover in City Finance. A new staff member has picked up this project and is working with the auditors to clear questions and comments. We anticipate this project being wrapped up by mid-August. Extending the term from August 1, 2016 to October 1, 2016 should provide sufficient time to wrap up the final project.

**FISCAL IMPACT:**

There is no fiscal impact associated with extending the term of the Agreement.

Prepared by: Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance  
Approved by: Girish Balachandran, Public Utilities General Manager  
Approved by: John A. Russo, City Manager  
Approved as to form: Gary G. Guess, City Attorney

Attachment: Third Amendment to Professional Consultant Services Agreement – Baker Tilly Virchow Krause, LLP