



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: SEPTEMBER 26, 2016

ITEM NO: 10

SUBJECT: **FOURTH 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 DECEMBER 31, 2016 – NO ADDITIONAL FUNDING REQUIRED**

ISSUE:

Approval of the Fourth Amendment to the Professional Services 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 October 1, 2016 to December 31, 2016.

RECOMMENDATION:

That the Board of Public Utilities approve the Second Amendment to the Professional Service Agreement with Baker Tilly Virchow Krause, LLP for the performance audit to extend the term through December 31, 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 Public Utilities (Finance/Administration Division) and City Finance Departments. 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 and some difficulty of obtaining information from the City's cost allocation consultant, NBS. A new staff member has picked up this project and is working with the consultant and auditors to clear the remaining questions and comments. We anticipate this project being wrapped up by mid-October. Extending the term from October 1, 2016 to December 31, 2016 should provide sufficient time to complete the project.

FISCAL IMPACT:

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

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