

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JULY 24, 2017

ITEM NO: 7

SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH KPMG LLP FOR ACCOUNTING SERVICES FOR RIVERSIDE PUBLIC UTILITIES OVERTIME AUDIT, FOR AN AMOUNT NOT TO EXCEED \$75,000

ISSUES:

Approve a Professional Consultant Services Agreement with KPMG LLP, of Los Angeles, California, for Accounting Services for Riverside Public Utilities Overtime Audit, for an amount not to exceed \$75,000.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve a Professional Consultant Services Agreement with KPMG LLP, of Los Angeles, California, for Accounting Services for Riverside Public Utilities Overtime Audit, for an amount not to exceed \$75,000; and
2. Authorize the City Manager, or his designee, to execute the Professional Services Agreement with KPMG LLP, including making any non-substantive changes.

BACKGROUND:

Transparent California, by the Nevada Policy Research Institute, provides information regarding California's public employees and retiree compensation. On May 22, 2017, Transparent California released the 2016 data that identified a Riverside Public Utilities (RPU) dispatcher as the highest paid City employee.

The City Manager immediately took steps to investigate and implement any corrective actions to ensure adequate internal controls of overtime spending and compliance with City policies and procedures.

DISCUSSION:

On June 1, 2017 the Internal Audit Division issued a solicitation for informal quotes from a list of independent, qualified certified public accounting firms to perform an analysis of RPU overtime earnings over the past five (5) calendar years; and, assess compliance with City overtime policy/procedures and adequacy of authorization and approval internal controls. On June 16, 2017 responses to the solicitation for an informal quote were received from:

1. KPMG LLP, Los Angeles, California
2. Moss Adams LLP, Los Angeles, California
3. Macias Gini & O'Connell (MGO) LLP – Advisory Services, Los Angeles, California
4. Crowe Horwath LLP, Los Angeles, California

A panel of three City management staff reviewed all four (4) proposals and ranked the proposals based on 1) Clarity of the proposal, 2) Quality and approach, 3) Research methodology, 4) Applicable and relevant experience, and 5) Proposed fee. Based on the ranking scores and discussion, the panel unanimously recommended KPMG LLP.

This report is published on July 13, 2017, for the July 24, 2017, Board of Public Utilities Meeting. At the time of publication, the attached Professional Consultant Services Agreement with KPMG LLP was in the process of obtaining the signatures for the City Attorney's Office to review the agreement and approve as to form. The cost and scope of services for the agreement are fixed. Any changes between the attached agreement and final agreement will be provided to the Board of Public Utilities during the final report.

Staff expects the engagement to commence in August 2017, and to provide the Board of Public Utilities and City Council a final report in November 2017. The Internal Audit Manager is the project manager for this engagement.

FISCAL IMPACT:

The not-to-exceed contract price is \$75,000. Sufficient funds are available in Public Utilities Professional Services Account 600000-421000.

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

Certifies availability of funds:	Laura Chavez-Nomura, Utilities Assistant General Manager/Finance
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Attachments:	Professional Consultant Services Agreement – KPMG LLP
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