

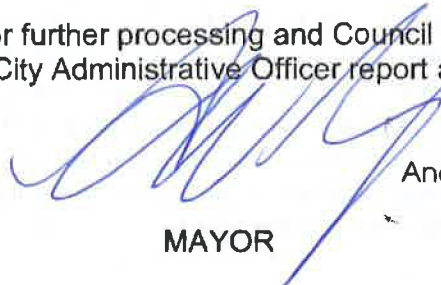
0220-05375-0000

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE JUL 19 2017	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED 12 AGREEMENTS BETWEEN THE HARBOR DEPARTMENT AND
12 CONSULTANTS TO PERFORM AUDIT AND CONSULTING SERVICES**

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.



Ana Guerrero

MAYOR

RHL:ABN:10170148t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 14, 2017

CAO File No. 0220-05375-0000

Council File No.

Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Correspondence from the Harbor Department dated June 6, 2017; referred by the Mayor for report dated June 8, 2017

Subject: **PROPOSED 12 AGREEMENTS BETWEEN THE HARBOR DEPARTMENT AND 12 CONSULTANTS TO PERFORM AUDIT AND CONSULTING SERVICES**

RECOMMENDATIONS

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 17-8107 authorizing a package of Agreements with 12 consulting firms to perform audits and consulting services for a term of up to five years and a cumulative expenditure authority not-to-exceed \$1,130,000, on an as-needed basis; and,
2. Return Resolution No. 17-8107 to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 17-8107 authorizing proposed Agreements with a pool of 12 independent contracting firms to provide assistance with and perform auditing and consulting services for Port staff on an as-needed and on-call basis. The Port selected the 12 firms through a competitively bid process for a cumulative amount not-to-exceed \$1,130,000. The proposed Agreements will be in effect beginning on the date of execution, and through a term of five years.

In 2008, the Port established internal auditing functions to review and improve operational efficiencies and performances, revenue enhancements, cost reductions, and internal financial controls. The Port states that it does not currently have enough staff to provide the financial and management auditing services desired for its operations. The Port decided to select and retain a pool of independent auditing firms to assist staff on an as-needed base, to minimize their administrative burdens and improve auditing functions. The as-needed auditing and consulting services will include the following: performance and operational reviews; security, internal controls for data gathering, analysis, and interpretation; contract compliance services; financial, management and real estate assessments; developing informational strategies and tools; ensuring that data collected supports audit conditions; and providing written reports for any audits, reviews, procedures or other related services provided by the Port.

The 12 auditing firms were selected and ranked by their qualifications and experience; project organization and personnel; project approach and work plan; rates; and statement of qualifications. The Port plans to issue the work for each Agreement using the following categories: defined scope of work; maximum cost; schedules; terms of payment; deliverables requested; work site; personnel or sub-consultants to be used; and, other related details. Below is a summary of the contract agreements with agreement numbers, firm names, the cumulative expenditure, and contract term:

Agreement No.	Contracted Audit Firms	Cumulative Amount	Term
17-3491	Arroyo Associates, Inc.	\$1,130,000	5 years
17-3492	CGR Management Consultants, LLC		5 years
17-3493	Macias Gini & O'Connell, LLP		5 years
17-3494	Bazillo Cobb Associates Watson Rice, LLP		5 years
17-3495	Schumaker & Company, Inc.		5 years
17-3496	TAP International, Inc.		5 years
17-3497	Sjoberg EvaSherik Consulting, Inc.		5 years
17-3498	PMA Consultants		5 years
17-3499	KH Consulting Group		5 years
17-3500	Harvey M. Rose Associates, LLC		5 years
17-3501	Bronner Group, LLC		5 years
17-3502	Resolution Management Consultants, Inc.		5 years

The Port states that it will enter a contractual relationship with each audit firm and define the projected scope of work that may be undertaken. As the Port identifies individual audit topics, it will make an assessment whether to use City staff or the contractors. In some instances, the Port will request that the firms bid on jobs. In addition, the Port has notified the as-needed firms that it does not guarantee any audit or review work will be awarded under these Agreements to any of the firms. The Board, in its sole discretion, has authority to cancel and terminate all or part of each Agreement for any reason with a 10-day written notice to cancel and terminate the Agreement.

The City Attorney has approved the proposed Resolution as to form and legality. Pursuant to Charter Section 373, and Los Angeles Administrative Code 10.5, unless the Council takes action disapproving the proposed Agreements within 60 days after submission to the Council, the Agreements will be deemed approved. Pursuant to Charter Section 1022, the Port states that work under the proposed Agreements are temporary in nature and can be performed more feasibly by independent contractors instead of City employees.

FISCAL IMPACT STATEMENT

Approval of the proposed Harbor Department (Port) Resolution will enable the Port to retain audit and consulting services on an as-needed basis from 12 auditing firms under separate Agreements. The 12 auditing firms will have cumulative expenditure authority not-to-exceed \$1,130,000 for a term of up to five years. Approval of the proposed Resolution will not impact the City's General Fund.

