

REPORT OF THE GENERAL MANAGER

APPROVED

NO. 08-204

DATE July 9, 2008

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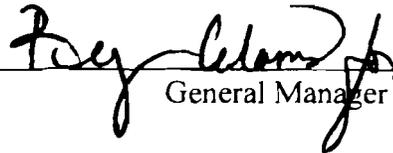
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**BOARD OF RECREATION
and PARK COMMISSIONERS**

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: AMENDMENT TO LETTER OF AGREEMENT (LOA) NO. D775 WITH VASQUEZ AND COMPANY, LLP; TO LOA NO. D776 WITH THOMPSON, COBB, BAZILIO, & ASSOCIATES, P.C.; TO LOA NO. D777 WITH CHEN & FAN ACCOUNTANCY CORPORATION; AND, TO LOA NO. D778 WITH MAYER HOFFMAN MCCANN PROFESSIONAL CORPORATION CONRAD GOVERNMENT SERVICES DIVISION

R. Adams	_____	J. Kolb	_____
H. Fujita	_____	* F. Mok	<u>fm.</u>
S. Huntley	_____	K. Regan	_____
V. Israel	_____	M. Shull	_____


General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed Amendment to Letter of Agreement (LOA) No. D775 between the City of Los Angeles Department of Recreation and Parks and Vasquez and Company, LLP, substantially in the form on file in the Board Office, to extend the term of the LOA from 12 months to 36 months and to increase the contract ceiling from \$20,000 to \$99,000, subject to the approval of the Mayor, in accordance with Executive Directive No. 3, and the City Attorney for approval as to form;
2. Approve the proposed Amendment to LOA No. D776, between the City of Los Angeles Department of Recreation and Parks and Thompson, Cobb, Bazilio and Associates, P.C., a corporation, substantially in the form on file in the Board Office, to extend the term of the LOA from 12 months to 36 months and to increase the contract ceiling from \$20,000 to \$99,000, subject to the approval of the Mayor, in accordance with Executive Directive No. 3, and the City Attorney for approval as to form;
3. Approve the proposed Amendment to LOA No. D777, between the City of Los Angeles Department of Recreation and Parks and Chen & Fan Accountancy Corporation, substantially in the form on file in the Board Office, to extend the term of the LOA from 12 months to 36 months and to increase the contract ceiling from \$20,000 to \$99,000, subject to the approval of the Mayor, in accordance with Executive Directive No. 3, and the City Attorney for approval as to form;

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4. Approve the proposed Amendment to LOA No. D778, between the City of Los Angeles Department of Recreation and Parks and Mayer Hoffman McCann Professional Corporation Conrad Government Services Division, substantially in the form on file in the Board Office, to extend the term of the LOA from 12 months to 36 months and to increase the contract ceiling from \$20,000 to \$99,000, subject to the approval of the Mayor, in accordance with Executive Directive No. 3, and the City Attorney for approval as to form;
5. Find, pursuant to Charter Section 1022, that the Department does not have sufficient personnel available in its employ with the expertise to undertake these specialized professional tasks in a timely manner on an as-needed basis, and that it is more feasible to secure these services by a qualified independent contractor;
6. Direct the Board Secretary to transmit the proposed amendments, concurrently, to the Mayor, in accordance with Executive Directive No. 3, and to the City Attorney for approval as to form; and,
7. Authorize the Board President and Secretary to execute the Amendments upon receipt of the necessary approvals.

SUMMARY:

On September 22, 2006, the Department of Recreation and Parks (Department) released Request for Qualifications (RFQ) No. 07-305 to develop a pre-qualified list of contractors to provide independent financial, compliance, and performance audits on an as-needed basis.

The Department's objective in utilizing independent auditors is to: secure auditing services from a non-City entity when the need for independence is required because of grant funding (single audits); access auditors with specialized knowledge and experience which is not available among Department auditing staff; and provide additional resources in the event the Department is unable to meet the schedule of any urgent audits within the required timeframe due to limited personnel resources.

On October 19, 2006, the Department received proposals from eight (8) accounting firms. After a review by staff, four (4) firms were found responsive to the RFQ, and Letters of Agreement, each for a term of twelve months and not to exceed \$20,000, were recommended for the following firms:

<u>LOA No.</u>	<u>Contractor</u>	<u>Date of LOA Execution</u>
D775	Vasquez and Company	September 13, 2007
D776	Thompson, Cobb, and Associates	September 25, 2007
D777	Chen & Fan Accountancy	September 13, 2007
D778	Mayer Hoffman McCann Professional Corporation	September 25, 2007

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Under the terms of the proposed agreements, no guarantee of work is given or implied to any of the contractors. As specific projects are identified, the Department will send letters of interest to the contractors inviting proposals. Proposals will be evaluated and the firm who offers a combination of the most relevant experience, availability to complete the specific project within its timeframe, and lowest cost to the City will be issued a notice-to-proceed.

In order to meet the needs of the Department, staff proposes to increase the contract ceiling of each agreement from \$20,000 to \$99,000 and to extend the terms from 12 months to 36 months from the date of contract execution. This approval will allow the Department to meet the on-going demands of as-needed independent financial, compliance, and performance audits.

Charter Section 1022 Determination

City of Los Angeles Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more economical or more feasible to contract out the service.

On March 18, 2008, the Personnel Department (Personnel) completed a Charter Section 1022 review and determined that some of the services can be performed by City classifications (Senior Auditor and Auditor). However, the Department has relied upon independent contractors in the past, as staff has been unable to meet the auditing requirements of grant-funded services and the timeframe of urgent audits. Personnel had determined that the proposed projects are of limited duration and that any additionally hired staff would have to be laid off at the end of the projects.

As independent audits must be performed by auditors who are not subject to the direction or authority of the Department and due to the ability of the contractors to provide experienced staff and equipment on an as-needed basis in order to perform independent audits, it is more feasible to contract out these services than to perform them with City classifications.

FISCAL IMPACT STATEMENT:

Funding for these agreements is provided through various accounts within the Department, depending on the facility or program requesting the service: Grants Fund 205-89; Municipal Recreation Program Fund 301-88; Special Accounts Fund 302-89; and the Department's General Fund, Contractual Services Account. There is no additional impact to the General Fund.

This report was prepared by Nancy Jeffers, Management Analyst II, Service Contracts Group, Administrative Resources Section, Finance Division.