

APPROVED

REPORT OF THE GENERAL MANAGER

SEP 01 2010

NO. 10-238

DATE September 1, 2010

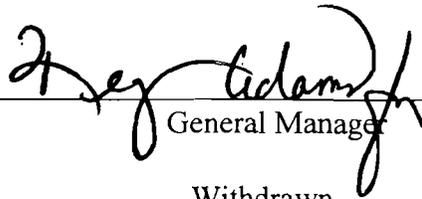
BOARD OF RECREATION
and PARK COMMISSIONERS

CD All

BOARD OF RECREATION AND PARK COMMISSIONERS

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

R. Adams	_____	* F. Mok	_____
H. Fujita	_____	K. Regan	_____
S. Huntley	_____	M. Shull	_____
V. Israel	_____		



 General Manager

Approved Disapproved Withdrawn

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Supplemental Agreement 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 36 months to 48 months and to increase the contract ceiling from \$99,000 to \$130,000, subject to the approval of the Mayor, in accordance with Executive Directive No. 3, and of the City Attorney as to form;
2. Approve a proposed Supplemental Agreement 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 36 months to 48 months and to increase the contract ceiling from \$99,000 to \$130,000, 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 a proposed Supplemental Agreement 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 36 months to 48 months and to increase the contract ceiling from \$99,000 to \$130,000, subject to the approval of the Mayor, in accordance with

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Executive Directive No. 3, and the City Attorney for approval as to form;

4. 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;
5. Find, in accordance with Charter Section 371(e)(2), that for the continuation of professional services of a temporary and occasional character, a competitive bidding process is not practicable or advantageous;
6. Direct the Board Secretary to transmit forthwith the proposed Supplemental Agreements to the Mayor in accordance with Executive Directive No. 3, and, concurrently to the City Attorney, for review and approval as to form; and,
7. Authorize the Board President and Secretary to execute the Supplemental Agreements upon receipt of the necessary approvals.

SUMMARY:

The Department utilizes the services of non-City independent auditors when the need for independence is required, to access auditors with specialized knowledge and experience which is not available among Department auditing staff, and to 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 September 22, 2006, the Department of Recreation and Parks (Department) released a Request for Qualifications (RFQ) to develop a pre-qualified list of contractors to provide independent financial, compliance, and performance audits on an as-needed basis.

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 (LOA) for a term of 12 months, not to exceed \$20,000, were executed for the following firms:

<u>LOA No.</u>	<u>Contractor Auditor</u>	<u>Term Start Date</u>
D775	Vasquez and Company, LLP	September 13, 2007
D776	Thompson, Cobb, Bazilio and Associates, P.C.	September 25, 2007
D777	Chen & Fan Accountancy Corporation	September 13, 2007
D778	Mayer Hoffman McCann Professional Corporation	September 25, 2007

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On July 9, 2008, the Board approved an extension of the terms of the four LOAs to thirty-six months and an increase of the contract ceilings to \$99,000 in order to meet the needs of the Department (Board Report No. 08-204).

As the agreements will expire in September 2010 and the Department continues to have a need to utilize the services, primarily for the auditing of grant funds, staff has prepared supplemental agreements for three of the four existing agreements to extend the term and increase the ceiling limits.

Staff contacted the four firms and inquired about the possibility of continuing the services. Three of the four firms (Vasquez and Company, LLP; Thompson, Cobb, Bazilio and Associates; and Mayer Hoffman McCann Professional Corporation) agreed to a 12-month extension without increase to their current labor rates. Chen & Fan Accountancy Corporation declined to continue their services.

Staff recommends increasing the contract ceiling for the three agreements from \$99,000 to \$130,000 and extend the terms from thirty-six months to forty-eight months from the date of contract execution. This approval will allow the Department to continue to meet the on-going demands of as-needed independent financial, compliance, and performance audits.

In accordance with Section 10.5(b)(2) of the Los Angeles Administrative Code (LAAC), Council approval is not required as annual payments will not exceed \$100,000 plus increases to the consumer price index, currently set at a maximum of \$130,466.

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 completed a Charter Section 1022 review (Attached) 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. The Personnel Department also 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 secure these services through an independent contractor than to perform them with City classifications.

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Charter Findings

Los Angeles City Charter Section 371 requires that all contracts valued at over \$25,000 require a competitive bid process subject to certain exceptions. In accordance with Charter Section 371(e)(2), the requirement does not apply to contracts, as determined by the contracting authority, of a temporary and occasional character for which the contracting authority finds that competitive bidding is not practicable or advantageous.

The four agreements for auditing services were previously awarded based on an approved RFQ process and are for as-needed services. The Department has occasional need for independent auditing services and has several qualified firms who can perform the service at any given time. A task order is provided to the consultant who is best suited to each task as it arises, taking into consideration price and availability. A competitive process for each task would be impractical and not in the City's best interest.

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 impact to the General Fund.

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

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Recreation and Parks

2. Contacts

Department: Karen Freire Phone | (818) 243-6421 Fax No. (818) 243-6451
 CAO: Veronica Salumbides Phone | (213) 473-7561 Fax No. (213) 473-7514

3. Work to be performed:

The Department of Recreation and Parks is seeking extensions to four existing agreements #D775-8, which extends the terms of the contracts from 12 months to 36 months and increases the maximum compensation to \$99,000. The renewed agreements allow the contractors to perform as-needed independent financial, compliance, and performance audits of various facilities and programs/activities.

4. Is this a contract renewal? Yes No

5. Proposed length of contract: 36 months Proposed Start Date: Unknown

6. Proposed cost of contract (if known): \$99,000

7. Name of proposed contractor:

LOA No. D775 with Vasquez and Company, LLP.
LOA No. D776 with Thompson, Cobb, Bazilio and Associates, P.C.
LOA No. D777 with Chen and Fan Accountancy Corporation
LOA No. D778 with Mayer Hoffman McCann Professional Corporation Conrad Government Services Division

8. Unique or special qualifications required to perform the work:

The Contractor must possess specialized audit experience, including the audit of computer/information systems, audit of complex financial documents or use of generalized auditing software if necessary to complete the audit; conform to the review standards of the American Institute of Certified Public Accountants (AICPA) and the Comptroller General of the United States; and provide a project manager who possesses a Certified Public Accountant license and be knowledgeable in municipal accounting, non-profit organizations/foundations, and/or private entities as appropriate to the project.

9. Are there City employees that can perform the work being proposed for contracting?

Yes No

If yes,

a. Which class(es) and Department(s): _____

Class	Departments	Eligible list expires
Auditor	Aging, Airports, City Clerk, CDD, Controller, Convention Center, Ethics, Fire, GSD, Harbor, Police, PW Sanitation, Rec & Parks, DOT	2/11/10
Senior Auditor	Aging, Airports, CDD, Controller, Convention Center, Ethics, Fire, GSD, Harbor, Housing, ITA, Police, PW Sanitation, Rec & Parks, DOT	7/18/08

- b. Is there sufficient Department staff available to perform the work? Yes No
- c. Is there a current eligible list for the class(es)? Yes No Expiration Date See above
- d. Estimated time to fill position(s) through CSC process? Unknown
- e. Can the requesting department continue to employ staff hired for the project after project completion? Yes No
- f. Are there City employees currently performing the work? Yes No

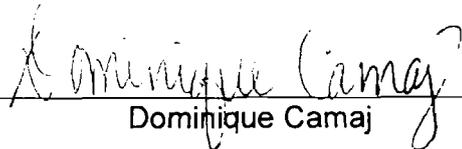
10. Findings

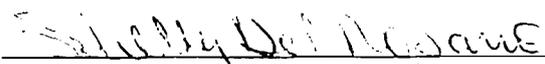
- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform the work

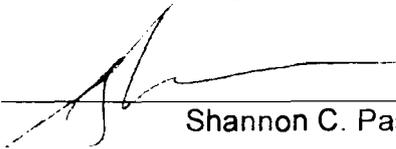
Check if applicable (explanation attached) and send to CAO for further analysis

- Project of limited duration would have to layoff staff at end of project
- Time constraints require immediate staffing of project
- Work assignment exceeds staffing availability

SUMMARY: The classifications of Auditor and Senior Auditor can perform the work being requested, however, the Department has relied on contractors in the past because their staff cannot meet the required timeframes of urgent audits nor perform independent audits required of grant funded services.

Submitted by: 
 Dominique Camaj

Reviewed by: 
 Shelly Del Rosario

Approved by: 
 Shannon C. Pascual

Date: 3/18/08