



Agenda Report

September 8, 2014

TO: Honorable Mayor and City Council

FROM: City Manager's Office

SUBJECT: INCREASE EXISTING PURCHASE ORDER WITH KPMG FOR ACCOUNTING SERVICES ON CITYWIDE CONTRACTS AND PURCHASE ORDERS

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to

1. Amend Purchase Order #57748 with KPMG to increase the amount from \$74,999 to \$275,000 to complete a detailed analysis on approved contract and purchase orders; and
2. Competitive bidding is not required pursuant to City Charter Section 1002 (F) Contracts for Professional or Unique Services. Grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served.

BACKGROUND:

Recently staff presented to City Council several examples where city departments either overspent the amount authorized on an approved contract and/or continued work after the contract had expired. As a result, staff committed to the Finance Committee that a detailed review of the last three years of contracts and purchase orders would be completed to ensure that they were in compliance with the approved contract amount and timeframe staff contracted with KPMG to undertake this work. Once this analysis was completed, staff would return to the Finance Committee with the results and any recommendations for further actions. Additionally, on another financial issue, the City has retained the services of KPMG to do a forensic analysis of the accounting for one of the City's special revenue fund. In an effort to expedite the process of completing the contract compliance review, staff is recommending expanding the scope of work for

KPMG and approve a combined contract not to exceed \$275,000. Given that KPMG is already under contract by the City, by selecting them staff will reduce the time needed to train another consultant on our unique financial system and procurement practices and policies.

At this time it is uncertain exactly how long it will take KPMG to complete this task but every effort will be made to do this expeditiously so that if there are additional issues, they can be identified and resolved immediately.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility.

FISCAL IMPACT:

Given the need to fast track the work that will be completed by KPMG, funding will be made available within the City Manager's Office existing fiscal year 2015 budget to initially cover these costs. Staff will monitor KPMG's work and it may be necessary to return to City Council if the task is more complicated than originally envisioned.

Respectfully submitted,



JULIE A. GUTIERREZ
Assistant City Manager

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: KPMG LLP

2. Type of Entity:
 non-government nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:
Douglas Farrow - Partner

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:
N/A

Prepared by: Douglas Farrow 
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Date: September 3, 2014