

CITY OF LAGUNA NIGUEL

AGENDA ITEM CITY COUNCIL

AUGUST 15, 2017

TO: Honorable Mayor and Council Members

FROM: Jerry Slusiewicz, Mayor

SUBJECT: Request for an Additional Agreed-Upon Procedures Engagement Related to Purchasing

SUMMARY: Mayor Slusiewicz requested staff to place an item on the agenda to develop a Request for Proposals (RFP) for a separate agreed-upon procedures engagement related to purchasing City-wide. Mayor Slusiewicz recommends that the City Council establish an Ad-Hoc Committee comprising Mayor Slusiewicz and an additional member of the City Council, the City Attorney, the Interim City Manager / Director of Finance, Interim Assistant City Manager, and any additional staff deemed necessary to be involved; and direct the Ad-Hoc Committee to develop a RFP, including the procedures to be performed in a separate agreed-upon procedures engagement to expand the scope of the AUP that will be presented to the City Council during its regular meeting on September 5, 2017.

BACKGROUND

California Constitution Article XI prohibits payments above contract limits. Beginning in April of 2017, the City's independent accounting firm, The Pun Group, conducted an agreed-upon procedures engagement related to purchasing at the direction of the Mayor and Mayor Pro Tem. This report titled "Independent Accountants' Report on Agreed-Upon Procedures Applied to Purchase Orders and Contracts Processes" (AUP) is expected to be finalized and presented to the City Council during its regular meeting on September 5, 2017. At the last regular Council Meeting on August 1, 2017, staff outlined overpayments of \$409,000 of unauthorized spending to one vendor above the \$25,000 City Manager's signing limit. The Mayor would like to expand upon the scope of that report in the form of a separate engagement to further look into the contracts of the City.

Mayor Slusiewicz requested staff develop procedures that would include approximately one-third of the City's active vendors, chosen from purchasing across all City departments. To handle communications with the independent accounting firm chosen in the RFP process, including the procedures, process and reporting of any findings found during the additional engagement, there should be an Ad-Hoc Committee formed consisting of Mayor / Council Member Slusiewicz and another Council Member, as well as the City Attorney, Interim City

Manager / Director of Finance, Interim Assistant City Manager, and any additional staff deemed necessary to be involved.

FISCAL IMPACT

The fiscal impact is undeterminable at this time as the procedures have yet to be determined by staff and approved by the City Council, therefore, no proposals have been received. Once staff has solicited proposals from qualified firms, the Fiscal Year 2017-18 budget can be amended as deemed appropriate.


RECOMMENDATION

That the City Council:

- a. Establish an Ad-Hoc Committee comprising Mayor Slusiewicz and an additional member of the City Council, the City Attorney, the Interim City Manager / Director of Finance, Interim Assistant City Manager, and any additional staff deemed necessary to be involved; and
 - b. Direct the Ad-Hoc Committee to develop a Request for Proposals (RFP), including the procedures to be performed in a separate agreed-upon procedures engagement to expand the scope of the AUP that will be presented to the City Council during its regular meeting on September 5, 2017.
 - c. Direct the Ad-Hoc Committee to report back to the City Council with a recommendation of a qualified vendor to perform the additional agreed-upon procedures engagement.
-
-

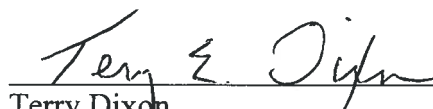
PREPARED AT THE REQUEST OF THE MAYOR

BY:


Stephen Erlandson
Interim City Manager / Director of Finance

REVIEWED

BY:


Terry Dixon
City Attorney