

MOTION NO. M2015-93

Contract Amendment for Accounting and Internal Control Advisory Services

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	10/01/2015	Final Action	Brian McCartan, Executive Director Finance and Information Technology Kelly Priestley, Director Accounting & Records Management Laurie Clayton, Accounting Operations Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with RK2 Advisory, LLC to provide accounting and internal control advisory services for the agency in the amount of \$301,000, for a new total authorized contract amount not to exceed \$500,000.

KEY FEATURES SUMMARY

- RK2 Advisory, LLC provides accounting and internal control advisory services. To date, they have provided business process advisory services for accounting transactions and have completed a report assessing accounts payable payment processes.
- The contract with RK2 Advisory was procured through a competitive process as part of a multi-firm awarded contract for advisory services. The original contract was executed under the CEO's authority.
- A contract amendment is being requested to allow Sound Transit to implement some of the recommendations RK2 Advisory developed to improve accounts payable payment processes. Other accounting, and business process projects may also be performed on an as-needed basis.
- This action would increase contract funding to cover anticipated services through the end of the initial three-year contract term, and the two one-year contract extension options, should they be exercised.

BACKGROUND

In 2013, Sound Transit conducted a procurement for various financial and accounting advisory services spanning technical advice, business process, and systems, resulting in awards to five different vendors on an "as-needed" basis. RK2 Advisory, LLC was one of the vendors selected.

The contract with RK2 Advisory, LLC was executed under the CEO's authority in the amount of \$150,000, and was later increased to \$199,000. Sound Transit has expended the existing contract authority with multiple finance projects, including an Accounts Payable Automation Review completed recently. Staff is requesting authority to increase the contract amount by \$301,000 for the additional years remaining on the contact, and the additional two option years should they be exercised. The original contract term ends September 16, 2016, but has two one-year extensions.

If additional funding is approved, RK2 Advisory, LLC will perform work to help the agency implement recommended steps leading to automation of Accounts Payable functions, as recommended by a Moss Adams performance audit report on Post Award Contract Administration for Goods and Services Contracts. The Moss Adams audit recommended automation improvements as an opportunity to improve effectiveness over the handling goods and services

payments. RK2 Advisory, LLC's recent work allows them to leverage knowledge gained through the AP Automation Review work just completed in the implementation of specific solutions. Other accounting, automation, and business process projects would be on an as-defined basis. This contract amendment will not provide sufficient funding to complete all work to automate Accounts Payable functions, but will provide useful improvements that will assist with possible future automation work.

FISCAL INFORMATION

The proposed action will be funded from the Finance and Information Technology (FIT) services budget. The FIT budget of \$27,050,000 includes \$1,490,000 for consultant services. As of August 31st, \$777,443 of the consultant services budget has been spent. There is capacity within the 2015 budget to accommodate the estimated \$50,000 in 2015 expected spending. Spending for future years, during the lifetime of the contract will be included in future annual budgeting requests.

Summary for Board Action (in thousands)

Current Year Budget	Adopted 2015 Budget	Spent to date 2015	Contract Expenditures	Remaining 2015 Budget
Finance & Information Technology Dept: Consultant/Management Svcs	1,490	777	50	663

Contract Spending Plan	Prior Year(s) Spending	Expected 2015 Spending	Future Expenditures	Total
RK2 Advisory, LLC	179	50	271	500

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
RK2 Advisory, LLC	199	179	301	500
Contingency	-	-	-	-
Total Contract	199	179	301	500
Percent Contingency	0%	0%	0%	0%

Notes:

Budget for this item is in the Finance & Information Technology Department staff budget within the services category, and is located on page 87 of 182 of the Adopted 2015 Budget book.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Small Business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few Small Business and DBE subcontracting opportunities based upon the work described in this contract, so Small Business/DBE goals were not established or required.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS A one-month delay would not create a significant impact to the project schedule.

ENVIRONMENTAL REVIEW

JI 9/23/2015

LEGAL REVIEW

JW 09/25/2015

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A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with RK2 Advisory, LLC to provide accounting and internal control advisory services for the agency in the amount of \$301,000, for a new total authorized contract amount not to exceed \$500,000.

BACKGROUND:

In 2013, Sound Transit conducted a procurement for various financial and accounting advisory services spanning technical advice, business process, and systems, resulting in awards to five different vendors on an "as-needed" basis. RK2 Advisory, LLC was one of the vendors selected.

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MOTION:

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract amendment with RK2 Advisory, LLC to provide accounting and internal control advisory services for the agency in the amount of \$301,000, for a new total authorized contract amount not to exceed \$500,000.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 1, 2015.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Board Administrator