



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: APRIL 14, 2016**

**FROM: MANAGEMENT AUDIT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF FIRST  
AMENDMENT TO AGREEMENT NO. 13-3158 BETWEEN THE CITY OF  
LOS ANGELES HARBOR DEPARTMENT AND BAZILIO COBB  
ASSOCIATES**

**SUMMARY:**

The City of Los Angeles Harbor Department (Harbor Department) staff recommends to execute a First Amendment to Agreement No. 13-3158 with Bazilio Cobb Associates (BCA) as a result of the acquisition of the audit and assurance services practice of BCA by BCA Watson Rice – Western Region, LLP (Watson). The acquisition by Watson is resulting in the Agreement being assigned to Watson and the Agreement needs to be amended to reflect that change. All other terms and conditions of Agreement No. 13-3158 remain unchanged.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the First Amendment to Agreement No. 13-3158 between the City of Los Angeles Harbor Department and Watson;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Agreement No. 13-3158; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Board approved Agreement No. 13-3158 (Transmittal 1) with BCA at its September 5, 2013 meeting under which BCA will perform performance audits, compliance reviews, financial audits, and consulting services on an “as-needed” basis for the Harbor. All services performed by BCA shall be under the general direction of the Harbor Departmental Audit Manager. Agreement No. 13-3158 was awarded to

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BCA as a result of a competitive bidding process. Compensation for services provided under this agreement is in accordance with Exhibit B of Agreement No. 13-3158, as approved by Board Resolution No. 13-7547, and shall not exceed \$1,056,000 in total and is subject to Management Audit's operating budget for outside services. Services have been performed under the agreement and it is expected that bids will be received for future work also. The term of Agreement No. 13-3158 is for a period of three years, expiring on October 22, 2016.

The Harbor Department received a letter, dated April 7, 2014 (Transmittal 3), from a partner of Watson, stating that BCA's audit and assurance services practice had been acquired by Watson. This acquisition requires the Agreement be assigned to Watson. As such, an amendment to the Agreement is required. Further, all of the partners and employees of BCA identified in Exhibit B of Agreement No. 13-3158 were now either partners or employees of Watson. To date, Watson has filed the following documents with the Harbor:

1. Application to Register a Limited Liability Partnership (LLP) – Form LLP-1 filed with the California Secretary of State on July 8, 2013 (Transmittal 4).
2. Certificate from the State of California, Department of Consumer Affairs, State Board of Accountancy, dated September 26, 2013, whereby Watson is registered to practice public accounting in California (Transmittal 5).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a First Amendment to Agreement No. 13-3158 with BCA to reflect the acquisition of BCA by Watson, which is an administrative activity. As such, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The First Amendment to Agreement No. 13-3158 is administrative in nature to reflect the acquisition of BCA's audit and assurance services practice by Watson. There is no financial impact associated with this administrative action.

**CITY ATTORNEY:**

The proposed First Amendment to Agreement No. 13-3158 has been approved as to form and legality by the Office of the City Attorney.

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**TRANSMITTALS:**

1. Agreement No. 13-3158
2. Three duplicate originals of the First Amendment to Agreement No. 13-3158
3. BCA Letter dated April 7, 2014
4. BCA Form LLP-1 filed with California Secretary of State, dated July 8, 2013
5. Watson practice certificate issued by the State Board of Accountancy for Watson,  
dated September 26, 2013

FIS Approval: MB (initials)

CA Approval: MB (initials)



J. H. OLDS

Departmental Audit Manager



MARLA BLEAVINS

Deputy Executive Director &  
Chief Financial Officer

APPROVED:



EUGENE D. SEROKA

Executive Director

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