EWEB Board Consent Calendar Request
For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract and additional funds with **Hermosa Beach Consulting Group LLC** for **SAP Controls Implementation and Advisory Services**.

Board Meeting Date:	April 1, 2025
Project Name/Contract #:	SAP Controls Implementation Services / 23-244-PSC
Manager:	Bruce Debysingh Ext. 7196
Executive Officer:	Travis Knabe Ext. 7770

Contract Amount:

Original Contract Amount:	$120,000, Amended to $139,200 (Not previously approved by the Board)
Additional $ Previously Approved:	$0
Spend over last approval:	$0
Amount this Request:	$165,000 (Original $139,200 plus an increase of $25,800)
% Increase over last approval:	NA (Not previously approved by the Board)
Resulting Cumulative Total:	**$165,000**

Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Sole Source (SS-501)
Term of Agreement:	November 14, 2023 – December 31, 2025
Option to Renew?	Yes, annually up to 5 years total
Approval for purchases *"as needed"*:	Yes☐ No☒
Proposals/Bids Received (Range):	1 - $120,000 (Original Contract)
Selection Basis:	Direct Negotiation
Narrative:	

Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve the use of Personal Services Contract 23-244-PSC for additional consulting services. As part of EWEB's SAP S4/HANA implementation, EWEB required assistance with designing and implementing SAP Information Technology General Controls (ITGC) and Key Business Controls (Financial and Operational). EWEB sought recommendations from its external auditors for experienced and qualified contractors to provide these services. The auditors recommended Hermosa Beach Consulting Group. As part of our Continuous Improvement efforts within the EES Program Season 2 body of work; it was discovered permissions within the Finance Division would need to be updated and adjusted, requiring additional support from Hermosa Beach Consulting Group. This support includes, reevaluating and modifying the financial controls and permissions to enhance separation of duty (SOD) controls to help prevent fraud, errors, and unauthorized access to our systems.

Contracted Goods or Services

EWEB entered into a personal services contract with Hermosa Beach Consulting Group LLC in November 2023. The contract included a statement of work that required contractor to leverage existing EWEB ITGC and Key Business

Controls to design, test, implement and document a new set of controls for the SAP environment that meet external and internal requirements. The fees for the services were based on a time and materials estimate of $120,000, which was amended August 2024 to $139,200. In Season 2, EWEB needs assistance in aligning the SAP ITGC and Key Business Controls from a design state to an applied state to meet the 2025 financial audit requirements. EWEB also anticipates the need for advisory services for emergent SAP access changes and role designs, quarterly internal audit support, and design support for mitigation and exception management processes.

Purchasing Process
In October of 2023, staff entered into discussions with Hermosa Consulting Group LLC to determine the scope of work required for implementing controls within the SAP application during Season 1. Due to their extensive knowledge regarding EWEB's financial controls, permissions, and processes, we have designated Hermosa Beach Consulting Group as a sole source contractor.

Prior Contract Activities
EWEB had no prior experience with Hermosa Beach Consulting Group prior to this contract.

ACTION REQUESTED:

Management requests the Board approve a contract and additional funds with Hermosa Beach Consulting Group LLC for SAP Controls Implementation Services. Approximately $30,000 was planned for these services in the Information Services 2025 O&M budget of $12.2 million. Variances will be managed within the budget process and Board policy.

BUDGET CATEGORY: Shared O&M, Information Services Division, Consulting