



DATE: May 13, 2015
TO: Board of Commissioners acting in its Capacity as the PDC Audit Committee
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-31
Approving the Extension of the Independent Auditor and Audit Scope, Schedule, and Fees for Fiscal Year 2014-15

BOARD ACTION REQUESTED

Adopt Resolution No. 7114

ACTION DESCRIPTION

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) acting as PDC's Board Audit Committee (Audit Committee) would approve the contract extension of Moss Adams, LLP (Moss Adams), as PDC's independent financial auditor. The charter for the Audit Committee, which was approved by the PDC Board through Resolution No. 6150 on June 9, 2004, requires that the Audit Committee "approve the independent auditor" and "review and approve the audit scope, schedule, and fee."

If approved, this action would accomplish two priorities: i.) Extend the Moss Adams audit scope, schedule, and fee for one year as negotiated by the City of Portland (City) Auditor's Office and authorized by Portland City Council (City Council) through Ordinance No. 187107 on May 6, 2015; and ii.) Delegate the authority to approve future extensions under this approved contract to the PDC Executive Director.

BACKGROUND AND CONTEXT

The Portland City Code and Charter authorize the elected City Auditor's Office to contract for the services of certified public accountants to perform audits of the City, including "its boards, commissions, franchises, and contracts." Furthermore, the Oregon Revised Statutes (ORS) require that the financial statements of the City and the PDC be audited annually by an independent licensed public accountant or firm of such accountants. In order to meet City and State of Oregon requirements, the Audit Services Division of the City Auditor's Office has conducted, managed, and contracted for a joint audit process since 2007.

In June 2012, the Audit Committee adopted Resolution No. 6953 approving the selection of Moss Adams as PDC's independent financial auditor as well as the audit scope and fee as negotiated by the City Auditor's Office. That contract provided for up to two additional years in one-year extensions at the City's sole discretion. The City Auditor's Office, after soliciting feedback from the contract auditees (including PDC), has negotiated a revised scope, schedule, and fees for the first one-year extension for fiscal year 2014-15.

The Audit Committee is now being asked to approve the extension of Moss Adams as PDC's independent financial auditor as well as the audit scope and fee as negotiated by the City Auditor's Office and authorized by City Council Ordinance No. 187107 on May 6, 2015, and in accordance with the Audit Committee Charter, Section 4. In addition, the Audit Committee is being asked to delegate the authority to approve future extensions under this approved contract to the PDC Executive Director.

COMMUNITY AND PUBLIC BENEFIT

The Audit Committee will fulfill its charter-designated task of approving the extension of PDC's independent financial auditor, thus allowing PDC to continue to meet its annual obligation to undergo a financial audit and publish a Comprehensive Annual Financial Report.

PUBLIC PARTICIPATION AND FEEDBACK

There has been no formal public participation regarding this proposed action.

BUDGET AND FINANCIAL INFORMATION

There is no additional financial impact; the PDC audit is a budgeted annual expenditure.

RISK ASSESSMENT

The risks of not approving the extension of the City Auditor's contract could jeopardize compliance with Portland City Code and Charter and with ORS 297.425 which requires an annual audit of every municipal corporation.

ALTERNATIVE ACTIONS

The Audit Committee could choose not to approve the extension of the auditor selected under the request for proposal process managed by the City. Not approving the extension would jeopardize the City process if the contract no longer accurately describes entities to be audited.

ATTACHMENTS

None.