



DATE: June 13, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 12-17
Portland Development Commission Board Audit Committee - Approving the Independent Auditor and Audit Scope, Schedule and Fees for Fiscal Years 2011-12, 2012-13, and 2013-14

BOARD ACTION REQUESTED

Adopt Resolution No. 6953

ACTION DESCRIPTION

In accordance with Section 4 of the Board Audit Committee Charter, PDC's Board Audit Committee is being asked to approve the Inter-Agency Selection Review Committee's recommendation of Moss Adams, LLP as PDC's independent financial auditor as well as the audit scope, schedule, and fee as negotiated by the Audit Services Division of the City Auditor's Office and authorized by City Council Ordinance #185332 approved May 16, 2012.

BACKGROUND AND CONTEXT

In 2007, at the request of the City Auditor's office and in accordance with the provisions of City Charter section 2-505 Audits which says, "The Auditor shall be responsible for the performance of financial and performance audits of the City including audits of its boards, commissions, franchises, and contracts," and in order to gain efficiencies and reduce overall costs, PDC was requested to rejoin the joint audit process managed by the City Auditor's office. PDC had some years before contracted for its own financial audit in order to meet federal compliance obligations, requirements that can now be satisfactorily addressed in the context of the joint audit process.

Portland City Code authorizes the Audit Services Division of the elected City Auditor's Office to contract for the services of certified public accountants to perform these audits. In addition to Portland City Code and Charter, Oregon Revised Statutes require that the financial statements of the City of Portland and the Portland Development Commission (PDC) be audited annually by an independent licensed public accountant or firm of such accountants. Portland City Charter requires the same for the financial statements of the Fire and Police Disability and Retirement Funds.

Recently, the City Auditor issued a Request for Proposals for the following auditing services for the next three fiscal years (City of Portland's RFP No. AUD012):

"City Charter requires the City Auditor to appoint, coordinate and monitor the annual audit of the City's financial statements by an independent licensed public accountant, in accordance with generally accepted governmental auditing standards."

Proposals were due by March 6, 2012, and the Audit Services Division of the City Auditor received three proposals. An Inter-Agency Selection Review Committee was appointed to evaluate the proposals received and included two PDC representatives, Faye Brown, Interim Chief Financial Officer, and Catherine Kaminski, Accounting Supervisor. For the purpose of scoring proposals, each of the committee members evaluated each proposal in accordance with prescribed criteria and point factors. This process followed Portland City Code Chapter 5.68. The Committee met and deliberated on March 22, 2012, and identified the successful bidder, Moss Adams, LLP.

The Inter-Agency Selection Review Committee's recommendation for contract award and negotiated contract were submitted to and approved by the Portland City Council on May 16, 2012.

COMMUNITY AND PUBLIC BENEFIT

This action will allow the Commission to continue to meet its annual obligation to undergo a financial audit and publish a Comprehensive Annual Financial Report.

PUBLIC PARTICIPATION AND FEEDBACK

Not Applicable

BUDGET AND FINANCIAL INFORMATION

The PDC financial audit is a budgeted annual expenditure and \$100,000 for FY 2012-13 has been included in the Proposed Budget.

RISK ASSESSMENT

Failure to approve an independent auditor could jeopardize compliance with Portland City Code and Charter, and with Oregon Revised Statutes 297.425, which requires an annual audit of every municipal corporation.

ALTERNATIVE ACTIONS

The Board Audit Committee could direct staff to select an auditor through a process separate from the City's process. Such an action (1) could jeopardize the City RFP process because the RFP would no longer accurately describe the entities to be audited and (2) would require PDC to conduct an expedited solicitation process to engage an auditor with sufficient time to conduct the FY 2011-2012 audit.

ATTACHMENTS

None