



Staff Report

File #: 16-233

Version: 1

Date: 9/12/2016

Item #: 3.2c.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Dan Atchison, City Attorney

SUBJECT:

Auditor Selection Process.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall City Council adopt Resolution No. 2016-43 to amend Council Policy C-4 and the City's Public Contracting Rules to allow the Council to select the City's provider of audit services?

RECOMMENDATION:

Adopt Resolution No. 2016-43 to amend Council Policy C-4 and the City's Public Contracting Rules to allow the Council to select the City's provider of audit services.

SUMMARY AND BACKGROUND:

At the August 15, 2016 Finance Committee meeting, the Committee discussed the selection process for the City's and Agency's auditor, and the need for meaningful participation in the process by the Council and Agency Board. The Committee adopted a recommendation that the Council approve amendments to the City's Public Contracting Rules (PCRs) and Council Policy C-4, relating to the City's Auditor, to allow the Council and the Urban Renewal Agency Board (Agency Board) to select the City's and Agency's auditor through a competitive Request for Proposal (RFP) process.

FACTS AND FINDINGS:

ORS 297.435 requires the City's, Urban Renewal Agency's (Agency) and Housing Authority's (SHA) accounts and financial affairs to be audited at least once per calendar or fiscal year, or more

frequently if determined by the governing body, and the audit must be provided to the governing body. The auditor is required to prepare an audit report and submit it to the governing body of the jurisdiction (the Council, Agency Board, and SHA Commission). Because one of the purposes of the audit is to ensure the financial affairs of the jurisdiction, which are administered by staff, are in compliance with state and federal law, the governing body has a clear interest in maintaining trust in the auditor's qualifications and recommendations. One method of doing this is to involve the governing body in the selection process.

Council Policy C-4 (adopted in 2002), which pertains to selection of auditors, requires that auditing services contracts be awarded every five years through a formal RFP selection process.

By adopting the proposed amendments to Council Policy C-4, and the amendments to the City's public contracting rules, both Council and the Finance Committee would have adequate authority to participate in the auditor services selection as set forth in this report, and would not violate section 23(10) of the City Charter.

The Finance Committee recommends to Council and via a separate report to the Agency Board that:

- Council Policy C-4 (attachment 2) be amended to ensure that the City Council, acting as the City's local contract review board, through the Finance Committee, will participate in the auditor selection process through review and approval of the RFP, review of responses to the RFP, and for the Committee to recommend an award of the auditor services contract to the Council and Agency Board, and allow for the selection of a different auditor for the Housing Authority. The Council would make the final decision to award the contract.
- Amend the City's Public Contracting Rules consistent with the Council Policy, and allow the Council to act as the City's local contract review board for auditor services (attachment 3).

Dan Atchison
City Attorney

Attachments:

1. Resolution No. 2016-43
2. Proposed Amendment to Council Policy C-4.
3. Proposed Amendment to the City's Public Contracting Rules

08/23/2016