

# CITY OF ASHLAND

## MUNICIPAL AUDIT COMMITTEE MEETING MINUTES September 19, 2011

### Call to Order

Administrative Services and Finance Director Tuneberg called the meeting to order at 2:10 p.m. in the Civic Center Council Chambers, 1175 East Main Street.

Municipal Audit Committee Members Nutter, Slattery, and Stebbins were present. Committee Member Christensen joined the meeting at 2:58 p.m.

Also present were Administrative Services and Finance Director Lee Tuneberg, Accounting Manager Cindy Hanks, and Administrative Assistant Rossann Grimm.

### Announcements

Mr. Tuneberg introduced new staff member Grimm and noted the ongoing vacancy on the Committee. He encouraged everyone to forward referrals of qualified individuals.

### Municipal Audit Services Request for Proposal

Mr. Tuneberg stated the subject of the meeting and relayed his experience over the last ten years with the City's current auditor firm, Pauly Rogers and Associates (PR&C). He explained that the City had traditionally awarded three year contracts, with two one-year extensions, and that PR&C had been the successful bidder for two consecutive contract periods. He noted that PR&C had performed well, and that he had no issues with their services. Mr. Tuneberg relayed that the City would be posting a Request for Proposal (RFP) for auditing services, pursuant to state purchasing laws. He recalled that the current contract had expired on June 30, 2011.

Mr. Tuneberg pointed out the cover sheet that purchasing staff had prepared to enhance document review by committee members and proceeded to the schedule of events, located on page five of the RFP document that was provided in the packet. Mr. Tuneberg summarized the municipal audit process and outlined two upcoming meetings on October 24, when Martha Bennett/City Administrator, Don Robertson/Parks Director, and PR&C staff are scheduled to present financial reports, opinions, management letters, and the City's responses; and on November 7, when submitted bids will be discussed and evaluated and a determination would be made related to conducting interviews with candidate firms. He advised that a contract award recommendation is scheduled to be presented at the regular City Council meeting on November 15, 2011. Mr. Tuneberg underlined the importance of having an auditor firm in place by January 2012, so that preparations can be completed in the first quarter for a successful audit of the fiscal year ending June 30, 2012.

Mr. Tuneberg continued to the next highlighted section, *Scope of Services*, on pages 10-13 of the RFP document. He provided a detailed explanation of each of the following categories:

- A. Comprehensive Annual Financial Reports (CAFR)
- B. Report on the Single Audit (OBB Circular A-133 requirements)
- C. Management Letter(s)
- D. Modifications to Original Audit Scope and Contract Amount
- E. Other Services
- F. Fee Arrangement

Discussion ensued and Mr. Tuneberg answered committee member questions relating to item E-3, Additional Audits. Committee members suggested minor language modifications for clarification, which staff incorporated into the document.

The next section Mr. Tuneberg described was the *Contents of Proposal*, on page 14 of the RFP document. He explained that bids must conform to the bid specifications and noted that bids can be (and are) rejected for material issues as determined by city staff, who work with the City's legal department. Mr. Tuneberg mentioned that all inquiries must be directed to the City's Purchasing Representative, Kariann Olson, so that the bid process is managed fairly and consistently.

Concluding review of the RFP document, Mr. Tuneberg detailed the *Evaluation Process* on page 16. He called the Committee's attention to the evaluation criteria point table, briefly described each area listed, and opened discussion to the floor.

Committee Members expressed opinions, concerns, and suggestions, and revised the evaluation criteria to:

- Incorporate a larger scope of relevant professional experience references
- Include requirement of a detailed breakdown of concentration of effort by various auditor staff levels
- Assign a maximum score of 5 points for the *Letter of Introduction*
- Assign a maximum score of 40 points for the *Statement of Qualifications*
- Move an interview process to last (if needed) and assign a maximum score of 25 points

Mr. Tuneberg also reviewed a memo from Ms. Olson reminding the evaluation team about the division of responsibilities pertaining to areas of accountability, conflicts of interests, evaluation criteria, scoring methodology, evaluation consensus, and the selection and announcement of a contract award. He noted that the Certification Denying Conflict of Interest would not apply until bids were received.

A final discussion ensued regarding possible reasons for low RFP response levels and bid evaluations, which concluded with direction from the committee to: 1) send invitations to bid to all auditor firms that are certified by the State of Oregon to perform municipal audits to every extent possible, and 2) provide bidder's fee schedules in sealed envelopes to committee members for discretionary use in analysis of submitted bids.

#### Adjournment

The meeting was adjourned at 3:21p.m.

*Respectfully submitted,*  
*Rossann Grimm, Administrative Assistant*