



Audit Commission Agenda
(Municipal Audit Commission AMC 2.11.010)
November 28, 2018 at 2:00 p.m.
Siskiyou Room
51 Winburn Way, Ashland OR

I. Call to Order

II. Roll Call

III. Approval of Minutes

Audit Commission Minutes of June 7, 2018 (attached)

IV. Presentation by Independent Auditors - Pauly, Rogers, and Co., P.C.

A. Audit

1. Parks Comprehensive Annual Financial Report (CUFR)
2. Parks Management Letter
3. City of Ashland Comprehensive Annual Financial Report (CAFR)
4. City Management Letter

B. Report from Staff

V. Public Input

VI. Discussion

- A. Questions and Answers
- B. Motion to accept the Parks Comprehensive Annual Financial Report as presented or amended through Commission discussion.
- C. Motion to accept the City Comprehensive Annual Financial Report as presented or amended through Commission discussion.
- D. Signing of Annual Letter for City
- E. Signing of Annual Letter for Parks

VII. Adjournment

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Administrator's office at (541) 488-6002 (TTY phone number 1-800-735-2900). Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title I).

**DRAFT Audit Commission Minutes
(Municipal Audit Commission AMC 2.11.010)
June 7, 2018 at 3:00 p.m.
Siskiyou Room
51 Winburn Way, Ashland OR**

Call to Order/Opening Remarks: Meeting called to order at 3:16 p.m. by Committee Chair Thom Hepford

Roll Call

Present:

Dennis Slattery
Thom Hepford
Dee Ann Everson

Absent:

Garrett Furuichi

Staff:

Cindy Hanks
Mark Welch (arrived at 3:45 p.m.)

Election of Chair:

Slattery/Everson m/s the appointment of Thom Hepford as chair of the Municipal Audit Commission. Discussion: None. Voice Vote: All Ayes. Motion Passes.

Public Input: None

Approval of Minutes: ***Everson/Hepford m/s the approval of meeting minutes for November 13th, 2018 Discussion: None. Voice Vote: All Ayes. Motion Passes.***

Discussion of Proposals for Municipal Audit Services

Cindy Hanks, Deputy Finance Director created a spreadsheet that allowed for each evaluators numbers to be entered in for comparison. Hanks noted that in the past that staff evaluations and have been considered and other times they were not. She asked the committee if this would be the case this time. The committee agreed that staff input would be considered. Hanks explained that she had received from the cities purchasing agent all of the costs associated with each proposal. The committee agreed to look at these after the scoring was completed. Dee Ann Everson, Committee Member began as evaluator one. Going in alphabetical order Everson stated her scores for each firm being evaluated. Chair Hepford as evaluator two also read his scores. Councilor Dennis Slattery stated that he had not completed his evaluations but wanted to attend the meeting to provide input. He also noted that he knows these firms and agrees with the trend he currently sees.

The committee then decided to average the input of the two audit members and one staff member.

The committee looked at why numbers were given to different companies, with the committee noting that one of the reasons for the numbers was a reflection of if instructions were followed. The committee discussed the process of when costs would be looked at but agreed that with the

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committees averaged evaluations that firms could be taken out of consideration. From this the committee agreed that Umpqua Valley Financial was not qualified to provide audit services for the committee.

Everson/Hepford m/s to not accept the proposal of Umpqua Valley Financial Discussion: None. Voice Vote: All Ayes. Motion Passes.

Slattery asked Hanks about her overall scoring. Hanks stated that what stood out to her was how small KDP was in relation to Ashland and that the city would not have the expertise it needed. Everson noted that the local branch of KDP is actually very large, but not as large as Moss Adams in Oregon. The committee also looked at whether Moss Adams would be using persons from a local or non-local office. Everson noted that in the interest of a conflict she did not have one but that she could attest to knowing these firms well, as some who work for the proposed auditors are on the board that of her employer. She stated that she had not discussed that was a part of this committee or the proposals presented. She added that many of those working at the local Moss Adams office also work out of the area, as is much of who the staff reports to as well. Everson also added that this was one of the reasons for her scoring of KDP higher.

Slattery also noted the small point difference that Hanks had made with Pauly Rogers and Moss Adams in regards to the sample reports. Hanks stated that she felt in comparing the two reports that Moss Adams looked more professional.

Everson noted that without looking at the costs that she could not vote for Pauly Rogers, as they proposed an audit with the same partner in charge after 20 years. Slattery noted that Everson had previously brought this up as it was stated in the minutes. Everson had also stated that she had concerns in how this related to GAAP rules and amount of work this would create from staff. Hanks noted that she understood the committee need a fresh look and that the staff would be fine. Hepford went on to note that he was not aware of any GAAP standard. Slattery also noted that there was good reason behind this as this could be an issue that is pointed out with having to do with financials, as well as the thought that this was mentioned previously to the firm. It was also noted by the committee that the point of any audit is to learn, improve and to assure, which is why having fresh eyes on the report is important. The committee went on to confirm that they had ask Kenny Allen from Pauly Rogers to leave during the auditor discussion of the last audit meeting but that the minutes are public. The committee was unclear if minutes were used prior to proposals being made. Hepford did mentioned that he had commented on the amount of typos that were in the report made by Pauly Rogers.

Everson asked about who does the field work for Pauly Rogers. Hanks noted that the filed work is done with Allen as the lead.

Everson/Hepford m/s to not accept the proposal of Pauly Rogers Discussion: None. Voice Vote: All Ayes. Motion Passes.

Hepford went on to share why he had scored Isler as he had, noting the lack of qualifications experience, grammatical errors and parts being omitted out of there in their proposal. Everson noted that she too had scored lower because of the lack of qualifications. Hanks noted their experience with larger cities was a positive to their application. From here the committee decide to not yet rule them out.

Based on the previous discussion the committee then chose to look at the cost involved with each proposal. Hanks presented the proposals and the methodology behind the scoring part of this portion of the proposals. She also explained that the option was available for firms to sign a 5-year

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contract. The committee commented that based on the 5-year contract timeline that there was only a \$13,000 difference and that the cost scoring was very close within the remaining firms.

As they discussed the committee also commented that they liked the idea the chosen firm being local. Everson noted that she had read that Isler was based out of Eugene and did not have any local auditors.

The committee looked at what each member was leaning towards. Hanks also noted that Moss Adams was chosen as the Cities auditor in prior years, stating that Pauly Rogers had been chosen over Moss Adams due to the bid process. Slattery noted that he also remembered this change as being one was done for a new perspective. Hepford noted that based on cost he found the decision hard, but did note the fact that Moss Adams had been the cities auditor before. Everson also added that the cost increase is very marginally lower over the five years for Moss Adams then it is for KDP, but that the two companies have comparable qualifications.

Everson/Slattery m/s to accept the proposal of Moss Adams for the five-year period.

Discussion: None. Voice Vote: All Ayes. Motion Passes.

Hanks and Mark Welch, Administrative Service Director went on to state the committee recommendation would move on to a vote at the council level. Chair Hepford went on to note that KDP would then be the backup if any objections were made to Moss Adams.

Adjournment: 3:52 p.m.

Respectfully Submitted:
Natalie Thomason
Administrative Assistant