

COUNCIL POLICY NO. C-4

TITLE: POLICY ON THE SELECTION OF THE CITY AUDITOR
POLICY: See attachment.
REFERENCE: ORS Chapter 297, City Public Contracting Rules

CITY OF SALEM
POLICY ON THE SELECTION OF THE CITY AUDITOR

WHEREAS, Oregon Revised Statutes (ORS) 297.405 – 297.990 pertain to municipal audits; and

WHEREAS, ORS 297.425 provide that the accounts and fiscal affairs of every municipal corporation shall be audited and reviewed at least once each calendar or fiscal year, and

WHEREAS, The audits and reviews shall be made by accountants pursuant to contracts entered into by the governing body, or managing or executive officer, and accountants, or by the Secretary of State pursuant to a duly adopted ordinance or resolution, and

WHEREAS, The compensation for audits and reviews performed by accountants shall be as agreed upon between the governing body, or managing or executive officer of the municipal corporation, and the accountant, and shall be paid in the same manner as other claims against the municipal corporation are paid, and

WHEREAS, Audits and review required under ORS 297.425 shall inquire into:

- (a) The principles of accounting and methods followed by the municipal corporation in recording, summarizing and reporting its financial transactions and financial condition;
- (b) The accuracy and legality of the transactions, accounts, records, files and financial reports of the officers and employees of the municipal corporation as they relate to its fiscal affairs; and
- (c) Compliance with requirements, orders and regulations of other public officials which pertain to the financial condition or financial operations of the municipal corporation,

and

WHEREAS, Pursuant to ORS 297.466, the City's auditor shall submit the audit report to the City Council, and

WHEREAS, Pursuant ORS 297.466(2) the City Council has the obligation to determine measures it considers necessary to address any deficiencies disclosed in an audit report, and

WHEREAS, It is essential that the City Council trust and have confidence in the City's auditor, and therefore the City Council, in compliance with State and City public contracting rules, should participate in the selection of the City's auditor, and

WHEREAS, this Policy is consistent with Salem City Charter Section 23(10), which prohibits a member of Council from attempting to influence the City Manager (or candidate for City Manager) regarding the award of any City contract, because Council, as the City's local contract review board, has the authority to delegate its obligations under state public contracting law. Therefore, individual members of Council, acting as an appointed member of the Finance Committee, are acting under the authority of the Council.

Now, therefore, the City of Salem hereby adopts the following policy:

1. The City Council shall award the contract for the City's auditor to provide auditor services required under ORS 297.405 – 297.990.
2. The Joint Finance Committee of the Salem City Council and Urban Renewal Agency Board ("Finance Committee" or "Committee") shall serve as the Request for Proposals (RFP) Review Committee, and shall make a recommendation to the City Council regarding auditor selection.
3. Subject to the requirements of State public contracting laws, and the City's public contracting rules, the Committee shall review the RFP prior to issuance, and may direct staff to modify the RFP to ensure that it meets the Council's needs.
4. Each member of Council participating in the review of RFP responses, and award of a contract shall, prior to participation, execute a written declaration stating whether or not they have any conflict of interest in participating in process. Members of Council shall not discuss the auditor selection process with any party other than other members of Council and City staff.
5. The auditor shall serve as the auditor for the City and for the Urban Renewal Agency of the City of Salem ("Agency"). Due to the unique nature of housing authority finance issues and federal regulations, the auditor for the Housing Authority of the City of Salem may, but is not required to, be a different entity than that serving as the City's or Agency's auditor.
6. The City shall undertake a competitive RFP process to award an auditing services contract every five years.