



CITY OF  
**PORTLAND, OREGON**  
HUMAN RESOURCES BUREAU

Margaret D. Strachan, Commissioner  
Training and Employment Division  
522 S.W. Fifth Avenue, 8th Floor  
Portland, Oregon 97204  
(503) 248-4474

CONTRACT FOR SERVICES

between

CITY OF PORTLAND, HUMAN RESOURCES BUREAU, TRAINING AND EMPLOYMENT DIVISION (TED), Yeon Building, 522 SW Fifth Avenue, 8th Floor, Portland, Oregon 97204

and

COOPERS & LYBRAND, Certified Public Accounts (CONTRACTOR), 2700 First National Bank Tower, Portland, Oregon 97201.

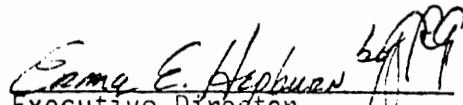
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CONTRACTOR will provide audit services to TED for the review of selected Comprehensive Employment and Training Act (CETA) expenditures during federal fiscal year 1981. These audit services are mandated by and must be performed in accordance with federal regulations. Payment to the CONTRACTOR will be made from CETA funds and will not exceed \$31,600.

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Contract performance shall commence when this contract is approved by City Council and signed by the parties. Contract costs must be incurred between the commencement date and September 30, 1982 to be payable under this contract.

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The parties agree to all the terms of this contract, including the attachments, by signing below:

Approved:

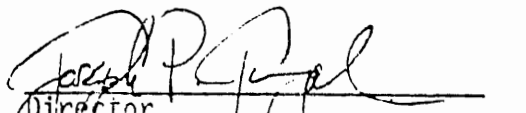
COOPERS & LYBRAND

  
Executive Director  
Human Resources Bureau

By \_\_\_\_\_  
Title \_\_\_\_\_

Approved:

CITY OF PORTLAND

  
Director  
Training and Employment Division

\_\_\_\_\_  
Commissioner of Public Utilities

Approved as to Form:

\_\_\_\_\_  
City Auditor

\_\_\_\_\_  
City Attorney

Section I. Agreed Contractor

- A. CONTRACTOR shall conduct an audit of CETA expenditures as described in Attachment "A." The audit shall comply with the prescribed minimum standards for audits as set forth in federal regulations and the CETA Audit Guide.
- B. Audit work shall be performed in accordance with the schedule included in Attachment "A."
- C. TED shall not be obligated to pay CONTRACTOR for any audit work performed outside the scope of this contract. TED's total payment to CONTRACTOR for full performance of all the audit work shall not exceed \$31,600 unless: 1) TED or one of the CETA subgrantees fails to make or keep appointments necessary for audit performance or has failed to prepare auditable records or required schedules on time; and, 2) CONTRACTOR notifies TED in writing of the failure, recommends action necessary to remedy the problem, and allows TED thirty (30) days, unless the parties agree on a shorter timeframe, to correct the situation; and, 3) TED or the same CETA subgrantee again fails to keep a necessary appointment or prepare required records; and, 4) the second failure causes CONTRACTOR measurable and additional expense in completing the required audit work. Should the conditions set for the above be met, CONTRACTOR may bill TED for additional audit work performed due to subsequent failure(s) to keep appointments or prepare required records. CONTRACTOR may not bill TED for additional expenses if the audit as a whole does not require additional CONTRACTOR time.
- D. If corrections are required due to any of the situations outlined in paragraph "C," above, CONTRACTOR shall complete the audit per TED's instructions. In no case will CONTRACTOR be required to exceed the normal scope of a CETA subgrantee audit as outlined in this Agreement and CONTRACTOR's proposal.
- E. TED's payment of CONTRACTOR's invoices shall not be construed as evidence of TED's acceptance of the Audit Report. Should a report be rejected, the CONTRACTOR will be notified, in writing, by TED. The right to reject the Report shall extend throughout the term of this contract and for ninety days after the CONTRACTOR submits his final invoice for payment.
- F. If CONTRACTOR violates or permits violation of contract terms or conditions and the Federal Government demands repayment of audit fees from TED as a result of those violations, CONTRACTOR shall repay TED the amount of fees directly related to the violation.
- G. The subgrantees' records shall be audited through the last day of the subgrant or the date of the latest invoice submitted at the time of audit.

- H. The Audit Report shall be submitted in triplicate to the TED Director. In addition, two copies of the Audit Report shall be simultaneously submitted to the Department of Labor's Regional Administrator of Audit:

Mr. Raymond W. Ellis  
Department of Labor, Office of Inspector General  
Federal Office Building, Room 7003  
909 First Avenue  
Seattle, WA 98174

- I. Copies of audit workpapers must be made available to DOL-OIG and TED upon request. CONTRACTOR shall retain audit workpapers pertaining to each contract audited under this agreement until that particular audit is resolved. All audit workpapers must be retained for a minimum period of three years.
- J. Rework on audit reports by CONTRACTOR necessary to conform to DOL-OIG or TED requirements will be at CONTRACTOR's expense and shall not be chargeable to TED.
- K. The CONTRACTOR shall furnish a monthly matrix to TED's Fiscal Unit showing the number of hours spent by each job classification on each phase of audit preparation. CONTRACTOR shall also keep TED informed of overall audit progress.
- L. The CONTRACTOR agrees to keep information related to this audit work in strict confidence. Other than the reports and other material submitted to TED and the U.S. Department of Labor, the CONTRACTOR agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form, or authorize or permit others to do so and shall take such reasonable measures as are necessary to restrict access to the information. Also, CONTRACTOR agrees to immediately notify, in writing, TED's Fiscal Unit in the event he determines or has reason to suspect a breach of this requirement.
- M. It is understood that the CONTRACTOR's personnel will not be required to engage in any criminal investigative activities and, to the degree that the CONTRACTOR's personnel are required to give advice, testimony, or engage in any other activity not within the strict purview of rendering, confirming or justifying an audit report, arrangements shall be made beyond the scope of any contract issuing from this schedule to reimburse the CONTRACTOR for the professional time consumed and other related costs.
- N. Prior to contract commencement, CONTRACTOR shall deliver to the City Auditor evidence that CONTRACTOR has qualified (a) as a direct responsibility employer under ORS 656.407 (Worker's Compensation), or (b) as a contributing employer under ORS 656.411.

- O. CONTRACTOR shall deliver draft audit reports to TED establishing the time limit for TED's and the subgrantee's responses. The time limits will be mutually agreed to by TED and CONTRACTOR beforehand and shall not exceed forty-five (45) days. Comments from TED and the subgrantees, if any, will be delivered to CONTRACTOR within the established time limits. CONTRACTOR will submit the final Audit Report to TED's Fiscal Unit within fifteen (15) days after the comments are received or the time limit runs out, whichever occurs first.

Section II. Agreed TED

- A. Payment for the audit services described in this contract will be made to CONTRACTOR after satisfactory performance and after receipt of billing with appropriate documentation by TED's Fiscal Unit, 522 SW Fifth Avenue, 6th floor, Portland, Oregon 97204.
- B. TED will work with CONTRACTOR to arrange one meeting between CONTRACTOR, involved TED staff, and the subgrantees to be audited under this Agreement. The meeting will occur prior to the commencement of field audit visits.
- C. TED will supply CONTRACTOR with one copy of each contract to be audited, two schedules per contract (examples entitled "Status of Federal Cash" and "Statement of Accrued Expenditures" attached as Attachment "B"), and copies of monthly reimbursement requests for each contract audited under this Agreement. These documents will be delivered to CONTRACTOR prior to the first field audit visits.

Section III. Contract Assignment, Modification, Termination, and Sanctions

- A. Documents submitted to TED by CONTRACTOR shall be regarded as received when delivered to TED's Fiscal Unit.
- B. This contract is personal between the parties and CONTRACTOR shall not assign or subcontract in whole or part any contractual duties without written approval by the TED Director.
- C. A contract modification may be requested when costs change, when changes occur in Federal or State law, Rules or Regulations or allocations, or when a substantial change in program design or goals is planned. No contract modification shall be effective until approved in writing by the TED Director and signed by the CONTRACTOR.
- D. This contract may be terminated, in whole or in part, without limiting remedies, by either party to this agreement if the other party fails to perform in accordance with the terms of the contract, and fails to initiate remedial action within ten (10) days after receiving written notification specifying the failure of performance.

Contract for Services  
Coopers & Lybrand  
Page Five of Five

- E. TED may terminate this agreement at any time by written notification if its federal, state or local grants are suspended, reduced or terminated before or during the contract period. In the event of termination, the CONTRACTOR shall be entitled to reimbursement for allowable costs incurred up to the date of termination indicated in the written notice.
- F. Nothing in this contract shall be construed to limit either party's legal contract remedies, including but not limited to the right to sue for damages or specific performance, should either party materially violate any of the terms of this contract. Failure to act on any default shall not constitute waiver of rights on such default or on any subsequent default.

Additional Contracts to be Audited

Contract Number	Grant and Type of Contract	Contract Dates		Contract Amount	Amount Expended
		From	-- To		
19031	Title VI PSE	10/01/80	-- 05/15/81	\$ 45,165	\$ 18,014.98
19109	IIB - BET/ESL	10/01/80	-- 09/30/81	147,334	113,661.18
19158	IIB - PET	10/01/80	-- 09/30/81	179,846 (as amended)	178,648.09

(Program income of \$7,068.24  
generated under contract 19158)



COOPERS AND LYBRAND  
PROPOSAL



Work Plan:

Our work plan has been structured to:

- . Keep Training and Employment Division staff involvement during the audit to a minimum.
- . Identify areas where internal controls can be strengthened and compliance with CETA regulations improved and communicate them to management.
- . Keep management of the Portland Training and Employment Division currently informed regarding the progress of the audits.
- . Enable the Training and Employment Division adequate time to resolve questioned costs, if any, prior to issuance of our reports on the financial statements.
- . Ensure the audits are efficiently carried out in conformity with the CETA audit and all applicable regulations.
- . Ensure the financial statements are prepared in accordance with U.S. Department of Labor regulations.

The key phases of our proposed work plan are described in the following paragraphs. The plan includes estimates of the hours necessary to complete the work:

Estimated  
HoursA. Preliminary Phase - Prime Sponsor  
and Subrecipient Audits:

130

- (1) Pre-Engagement Planning - The key members of the Portland CETA engagement team will be heavily involved in the pre-engagement planning process. Some of the steps that will be performed in this phase are:
- (a) Initially meet with Training and Employment Division personnel to discuss any audit concerns at the prime sponsor of subrecipient level.
  - (b) Identify factors to be considered in developing the detailed audit programs.
  - (c) Review existing internal controls at the prime sponsor to identify areas of strengths and weaknesses and select auditing procedures to be performed. Subrecipient controls will be analyzed during the final phase of the audits.
  - (d) Establish specific audit objectives.

Estimated  
Hours

- (e) Develop a specific timetable to be followed during the audit, including the assignment of tasks to specific individuals.
- (f) Review the objectives, scope and details of the audit and discuss necessary audit coordination with Training and Employment Division and subrecipient personnel.

B. Final Phase - Prime Sponsor Audit:

Following is a brief outline of our anticipated audit procedures. It is not all inclusive, but is intended to indicate briefly our proposed approach.

(1) CETA Compliance Requirements:

Participant Eligibility: 130

- (a) Based on statistical sampling procedures (primarily attribute sampling), select a representative sample of participants during the two-year audit period.

- (b) Obtain the participants' files and review their qualifications for eligibility as specified in the CETA regulations.

Participant Allowances and Wages: 90

- (a) Based on statistical sampling procedures (attribute sampling) select a representative sample of participant allowances during the year.
- (b) Determine that allowances and wages were properly paid to eligible participants in accordance with the applicable CETA regulations.
- (c) Determine that paid allowances and wages were properly reported to DOL.

Administrative Staff Salaries and Qualifications: 20

- (a) Perform those audit steps as outlined in Section H of the CETA Audit Guide.

Estimated  
Hours

Financial Reports Filed with the  
Department of Labor:

70

- (a) Obtain copies of the Financial Status Reports and Status of Federal Cash Filed with the U. S. Department of Labor and reconcile these reports to the books of account.

(2) Other Audit Procedures:

Grant Drawdowns:

15

- (a) Confirm all grant drawdowns with the U. S. Department of Labor and verify the receipt of such revenues to supporting documentation.

Expenditures:

90

- (a) For those expenditures other than wages and allowances, obtain a representative sample of all other expenditures and agree to supporting documentation for compliance with applicable regulations.

Estimated  
Hours.

Questioned Costs and Costs Recommended  
for Disallowance:

30

- (a) Communicate all questioned costs and costs recommended for disallowance to Training and Employment Division and attempt to resolve such costs prior to issuance of the final audit report.

Financial Statements:

180

- (a) Prepare the prime sponsor financial statements in conformance with U.S. Department of Labor requirements. Direct copy of the draft report to the Inspector General's office. Upon approval of the draft, distribute final audit as required.

Management Letter:

60

- (a) Based on our evaluation of the system of internal accounting controls, our audit procedures regarding compliance with CETA regulations, and our examination of expenditures, we will issue a management letter as part of our audit report to

Estimated  
Hours

the Training and Employment Division and the U.S. Department of Labor which will deal specifically with any weaknesses in internal accounting control and any comments and recommendations which will improve efficiency and reduce costs.

C. Final Phase - Subrecipient Audits:

(1) Subrecipient Audits:

Participant Eligibility:

60

- (a) In conjunction with the sample selected for participant eligibility review on the prime sponsor audit, select a representative sample of participants who worked at the subrecipients and trace the participants' addresses and other related information from the intake forms at the Training and Employment Division to the actual payroll records on file at the subrecipient organizations.

Estimated  
Hours

- (2) Review of Systems of Internal Control: 60
- (a) Depending on the magnitude of subrecipient transactions and costs, the systems of internal control of the various subrecipient organizations may have to be reviewed to determine if reliance can be placed on their systems of internal control. This will be performed in order to determine the nature and extent of validation procedures which we will perform.
- (3) Validation of the Expenditures Reported to the Training and Employment Division: 90
- (a) Verify related costs to payroll records and/or other documentation to determine propriety of expenditures.
- (4) Communicate all questioned costs and costs recommended for disallowance to subrecipient management and to the Training and Employment Division and attempt to resolve all costs prior to issuance of the final audit reports. 25



Estimated  
Hours.

(5) Financial Statements:

150

(a) Prepare financial statements  
in accordance with U.S. Depart-  
ment of Labor regulations.

Timetable

Upon appointment as auditors, Coopers & Lybrand is prepared to meet the following schedule:

- . Immediately initiate meeting with Training and Employment Division personnel to plan the audit and discuss audit requirements.
- . Complete preliminary planning - March 6, 1982
- . Begin field work at prime sponsor - March 16, 1982
- . Begin field work at subrecipient - March 30, 1982
- . Present all exceptions and questioned costs to Training and Employment Division - May 14, 1982
- . Complete all field work - May 28, 1982
- . Obtain concurrence from the Training and Employment Division on questioned costs and costs recommended for disallowance - June 7, 1982
- . Deliver draft of reports and management letter to Training and Employment Division and Department of Labor - June 11, 1982
- . Delivery of final audit reports and management letter - June 25, 1982 (within four weeks after fieldwork completion)

Delivery of report drafts and final reports is dependent upon our receiving responses to all exceptions and questioned costs within three weeks of presentation to the Training and Employment Division.

Our proposed fee for the fiscal 1980 and 1981 audits of the prime sponsor and selected subgrantees is as follows:

<u>Staff</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Partner	70	\$64	\$ 4,480
Manager	100	42	4,200
Supervisor/Senior	320	32	10,240
Staff	562	17	9,550
Administrative	<u>148</u>	11	<u>1,630</u>
	<u>1,200</u>		<u>\$30,100</u>

Our proposed fee does not include estimated out-of-pocket expenses we expect to incur. Out-of-pocket expenses will not exceed \$1,500.

It is our policy to submit progress billings monthly for time and expenses to date. These billings will be itemized as desired by City personnel.

# ORDINANCE No. 152885

An Ordinance authorizing a contract with Coopers and Lybrand in an amount not to exceed \$31,600 for audit services to be charged to the Human Resources Bureau, Training and Employment Division (AU 682), within the Administrative Cost Pool, and declaring an emergency.

The City of Portland ordains:

Section 1. The Council finds:

1. The City of Portland is the designated Prime Sponsor for administering funds under the Comprehensive Employment and Training Act (CETA) within the City to provide training to economically disadvantaged persons.
2. The Training and Employment Division (TED) is required by CETA regulations to audit FY 80 and FY 81 CETA programs, including a sample of its contractors.
3. TED received Office of Inspector General approval of its audit plan for FY 80 and 81.
4. TED has selected Coopers and Lybrand to perform the audit through an open competition and has negotiated a contract which is mutually agreeable to TED and Coopers and Lybrand.

NOW, THEREFORE, the Council directs:


- a. The Auditor and Commissioner of Public Utilities to execute, on behalf of the City, one contract with Coopers and Lybrand, under the Human Resources Bureau (AU 682) Administrative Cost Pool, in the amount of \$31,600 as set out in Exhibits hereof.

Section 2. The Council declares that an emergency exists because delay in the enactment of the ordinance will result in constraints being placed on the Human Resources Bureau, Training and Employment Division; therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council, FEB 24 1982

Commissioner Margaret Strachan  
JPG:AB:pj  
2/17/82

Attest:

  
Auditor of the City of Portland

Calendar No. 450

ORDINANCE No. 152885

Title

An Ordinance authorizing a contract with Coopers and Lybrand in an amount not to exceed \$31,600 for audit services to be charged to the Human Resources Bureau, Training and Employment Division (AU 682), within the Administrative Cost Pool, and declaring an emergency.

Filed FEB 19 1982

GEORGE YERKOVICH  
Auditor of the CITY OF PORTLAND

By *Gordon Crall*  
Deputy

THE COMMISSIONERS VOTED AS FOLLOWS:		
	Yeas	Nays
JORDAN	/	
LINDBERG	/	
SCHWAB	/	
STRACHAN	/	
IVANCIE	/	

FOUR-FIFTHS CALENDAR	
JORDAN	
LINDBERG	
SCHWAB	
STRACHAN	
IVANCIE	

INTRODUCED BY
Commissioner Margaret Strachan

NOTED BY THE COMMISSIONER
Affairs
Finance and Administration
Safety
Utilities <i>M. Strachan/jip</i>
Works

BUREAU APPROVAL
Bureau: Human Resources
Prepared By: <i>Joseph P. Gonzales</i> Date: 2/17/82
Budget Impact Review: <input type="checkbox"/> Completed <input type="checkbox"/> Not required
Bureau Head: <i>Erma E. Hepburn</i> Erma E. Hepburn

CALENDAR	
Consent	<input checked="" type="checkbox"/> Regular

NOTED BY
City Attorney
City Auditor
City Engineer