

AMENDMENT NO. 12CONTRACT NO. 37298FOR: Financial Services Audit

Pursuant to Ordinance No. _____

This Contract was made and entered on the 7th day of May, 2007 by and between Moss Adams, LLP, hereinafter called Contractor, and the City of Portland, a municipal corporation of the State of Oregon, by and through its duly authorized representatives, hereinafter called City.

1. This contract is hereby extended by one year through June 30, 2011.
2. Additional work is necessary as described in the Scope of Work as follows:
 - a) The Contractor agrees to conduct audits of the following financial statements for a fourth year, FY 2009/2010: the **City's Comprehensive Annual Financial Report (CAFR), the Hydroelectric Power Fund, the Fire and Police Disability and Retirement (FPD&R) Funds and the Portland Development Commission's CAFR**. The audit reports to be provided will cover the fiscal year beginning July 1, 2009 and ending June 30, 2010, except for the Hydroelectric Power Fund, whose fiscal year runs from September 1, 2009 through August 31, 2010.
 - b) The objective of these audits is the expression of an opinion (or disclaimer of an opinion) as to whether the financial statements present fairly, in all material respects, the financial position of the funds at the year end, and the changes in financial position and cash flows, where applicable, thereof for FY 2009/2010 in conformity with accounting principals generally accepted in the United States of America.
 - c) As required by the Minimum Standards for Audits of Oregon Municipal Corporations, the Contractor will test the City's and the Portland Development Commission's compliance with certain provisions of laws, regulations, contracts, grants including provisions of certain Oregon Revised Statutes, and will report any noncompliance found in the related CAFR.
 - d) As required by Government Auditing Standards, the Contractor will prepare a separate written report on their tests of compliance with applicable laws and regulations for the City's CAFR and for the Portland Development Commission's CAFR.
 - e) An increase in the scope of testing will be required for the audit of FY 2009/2010 due to the City's implementation of a new **Human Capital Management (HCM) system** for payroll in SAP at the very end of FY 2008/2009. FY 2009/2010 is the first full year with this payroll system. The Contractor will assess and test the HCM implementation, including confirming that the payroll data migrated to SAP accurately and completely from the legacy systems; that SAP calculates and records City payroll, taxes and other deductions accurately and completely; and that the HCM system is secure with appropriate restrictions on user access and segregation of duties. This will need an estimated 70 to 90 hours of testing and fees of \$14,000 to a maximum of \$18,000.
 - f) The implementation of the **Lawson Time Management module** by Portland Development Commission during FY 2009/2010 will require additional assessment and testing similar to the increased scope for the City's HCM module in (e) above. This will need an estimated 28 to 34 hours of testing and fees of \$5,600 to a maximum of \$6,800.

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- g) For the City's **Single Audit** for FY 2009/2010, the Contractor shall determine whether the City's Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the City's CAFR. The Contractor will consider and test the City's internal control over major Federal programs and will report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
- h) The City anticipates having 10 major programs requiring testing under the Single Audit Act for FY2010, instead of the normal 5 to 6 major programs, due to the additional American Recovery and Reinvestment Act of 2009 (ARRA) funds received. This will increase the time needed by the Contractor to perform the Single Audit from 600 hours to 1,000 hours.
3. **Contract Manager and Auditee Project Managers.** This is no change to the City of Portland's component units listed in Exhibit A to this contract, which are collectively called "Auditees". The City's Contract Manager for this Agreement is Fiona C.H. Earle, ACA, CIA, Principal Management Auditor. The Auditee Project Managers' list has been updated in the attached **Exhibit E v2**.
4. **Audit Schedules and Draft Report Delivery Dates.** The accounting staff of the City and its component units agree to prepare and deliver the financial statements and report drafts to the Contractor by the dates listed below. **These dates will need to be confirmed by the accounting staff of the City and its component units with the Contractor once the FY2010 closing dates for SAP are known.** Auditee personnel and accounting staff will review the list of detailed audit schedules with the Contractor and agree to prepare and deliver the detailed audit schedules at a date to be mutually agreed upon later by the Contractor and Auditees.

ENTITY/Statements, Schedules	Delivery Date to Contractor	Responsible Accounting Staff
PORTLAND DEVELOPMENT COMMISSION		
First draft CAFR report	10/15/2010	Jane Kingston
Final draft CAFR report	11/05/2010	Jane Kingston
FIRE & POLICE DISABILITY AND RETIREMENT FUNDS		
Final draft report	10/29/10	Nancy Hartline
HYDROELECTRIC POWER FUND		
Draft Statement of Annual Purchase Price	10/29/2010	Frank Galida
Final Statement of Annual Purchase Price	12/29/2010	Frank Galida with data from PGE
Final draft financial report	01/31/2010	Samina Gillum
CITY OF PORTLAND CAFR	11/11/2010 (Veterans Day)	Samina Gillum
CITY OF PORTLAND SINGLE AUDIT		
Schedule of Federal Award Expenditures - Draft	8/27/2010	Sheila Black-Craig
Schedule of Federal Award Expenditures - Final	11/15/2010	Sheila Black-Craig

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5. **Contractor's Reports Due Dates.** The final delivery date for Contractor's audit opinions and reports depends upon the City's punctual delivery of the audit schedules and draft reports as listed in **item 4** of this Amendment. As set out in Exhibit D, item 1 to this contract, the Contractor will not be considered to have received the financial statements and audit schedules until they are accurate, consistent with other related schedules and statements, and free of material unreconciled differences.
- a) Contractor will deliver audit opinion and reports on the **Portland Development Commission's** CAFR FY 2009-10 by November 19, 2010.
 - b) Contractor will deliver audit opinion on the **Fire and Police Disability and Retirement Funds** for FY 2009-10 by December 3, 2010.
 - c) Contractor will deliver audit opinion on the **Hydroelectric Power Fund** for FY 2009-10 by February 14, 2011.
 - d) Contractor will deliver audit opinion and reports on the **City's CAFR** FY 2009-10 by end of day December 15, 2010.
 - e) Contractor will deliver reports on compliance and the Schedule of Findings and Questioned Costs, if any, for the **City's Single Audit** for FY 2009-10 by December 15, 2010.
6. **Contractor's Personnel.** Pursuant to Section 27 of the Agreement, Moss Adams LLP will assign the personnel listed in the attached **Exhibit G v2** to do the work in the capacities designated on **Exhibit G v2**.
7. **Additional compensation** for the FY 2009/2010 audits is necessary and shall be billed to the City for actual hours worked at the blended rate of **\$152 per hour**. A \$200 hourly billing rate will be used for work by the Contractor's IT professionals on the assessment and testing of the HCM and the Lawson Time Management systems. As set out below the total additional compensation shall not exceed **\$ 625,200**:

Additional hour and fees not to exceed	Hours	Fees \$
City's CAFR Audit	2,020	\$307,040
HCM system assessment/testing	90	\$ 18,000
Single Audit	1,000	\$152,000
Fire and Police Disability and Retirement Funds	175	\$ 26,600
Hydroelectric Power Fund	105	\$ 15,960
City of Portland Subtotal	3,390	\$519,600
Portland Development Commission's CAFR Audit	650	\$ 98,800
Lawson Time Management assessment/testing	34	\$ 6,800
PDC Total	684	\$105,600
TOTAL	4,074	\$625,200

8. As a result of this amendment the contract's total "not to exceed amount" is increased to **\$2,340,745**.

All other terms and conditions shall remain unchanged and in full force and effect.

Contract No. 37298Amendment/Change Order No. 12Contract Title: Financial Service Audit**CONTRACTOR SIGNATURE:**

This contract amendment may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same contract amendment.

The parties agree the City and Contractor may conduct this transaction by electronic means, including the use of electronic signatures.

Moss Adams, LLPBy: James C. Lanzarotta Date: 3/31/10Name: JAMES C. LANZAROTTATitle: PARTNERAddress: 975 Oak Street, Suite 500, Eugene, OR. 97401Telephone: 1-541-686-1040**CITY OF PORTLAND SIGNATURES:**By: _____ Date: _____
MayorBy: _____ Date: _____
Elected City Auditor: LaVonne Griffin-Valade

Approved as to Form:

By: APPROVED AS TO FORM Date: 4/8/10
Office of City Attorney [Signature]
CITY ATTORNEY

**Contract No. 37298
Amendment No. 12
EXHIBIT G v2**

CONTRACTOR'S PERSONNEL

Moss Adams' Team for Audits of FY 2009/2010

Name	Title	Capacity
James Lanzarotta	Assurance Partner	Managing Partner Engagement Partner – Compliance Audit Engagement Review Partner – City Financial Statements, Portland Development Commission and FPD&R Audit
Trent Martin	Assurance Partner	Engagement Review Partner –Hydroelectric Power Fund
Chris Kradjan	Assurance Partner	Information Systems and Technology
Mary Case , if needed	Assurance Partner	Engagement Review Partner – City Financial Statements and FPD&R Audit Technical Resource Partner
Julie Desimone	Assurance Partner	Engagement Review Partner – Utility Audit Team for City CAFR and Hydroelectric Power Fund
Lou Henry	Assurance Senior Manager	City CAFR and FPD&R Audits
Ken DeHart	Assurance Senior Manager	City CAFR Audit
Nancy Young	Assurance Senior Manager	Portland Development Commission CAFR Audit, Technical resource – CAFR Audit
Greg Damon	Assurance Senior Manager	Information Systems and Technology
Annamarie McNiel	Assurance Manager	Compliance (Single) Audit
Andrea Smasne	Assurance Manager	City CAFR Audit, Portland Development Commission CAFR Audit
Debbie Gregg	Assurance Senior Manager	Single Audit technical resource – Compliance Audit
Heather Laurence	Assurance Senior	Hydroelectric Power Fund Audit

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AUDITEE PROJECT MANAGERS

<u>Auditee</u>	<u>Project Manager</u>	<u>Telephone</u>
CITY OF PORTLAND		
*Interim Accounting Manager Accounting Division Office of Mgt & Finance B106/R1250	Rodney O'Dell	503.823-4381
* Until the appointment of a new City Controller.		
Principal Financial Analyst, Grants Compliance Program Office of Mgt & Finance B106/R1250	Sheila Black-Craig	503.823-6863
Debt Manager Office of Mgt. & Finance B131/R120	Eric Johansen	503.823-6851
Director Revenue Bureau B106/R1250	Sue Klobertanz	503.823-6881
HYDROELECTRIC POWER FUND		
Hydroelectric Project Mgr Hydroelectric Power Division Water Bureau B106/R530	Frank Galida	503.823-7517
Technical Acctg Supervisor Office of Mgt & Finance B106/R1250	Samina Gillum	503.823-4363
FIRE AND POLICE DISABILITY AND RETIREMENT FUND		
Business Operations Manager B236/R450	Nancy Hartline	503.823-5501
PORTLAND DEVELOPMENT COMMISSION		
Accounting Manager B299/R7000	Jane Kingston	503.823-3877