

IMPACT STATEMENT

Legislation title: Accept the audit of the Comprehensive Annual Financial Report for FY 2013-2014 and the related Communications with Those Charged with Governance, and adopt the management response to correct the deficiency in financial reporting controls disclosed in the audit. (Resolution)

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Presenter name: Mary Hull Caballero, City Auditor, Drummond Kahn, Director of Audit Services, & James Lanzarotta, Partner, Moss Adams LLP

Purpose of proposed legislation and background information:

- To report to City Council the outcome of the independent financial audit conducted by Moss Adams, LLP, Certified Public Accountants, of the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014.
- To enable the financial auditor to meet their requirement under Statement on Auditing Standard No. 114 to communicate in writing every year with "those charged with governance matters related to the financial statement audit" that are "significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process."
- To adopt a resolution, as required by ORS 297.466 (2), setting forth the corrective measures the City proposes to address the internal control deficiency disclosed in the audit report. This proposed corrective action will not change specific City policies.

Financial and budgetary impacts:

- The acceptance of the annual financial audit does not have any financial or budgetary impact.
- The cost of the financial audit being reported was given to Council in the Financial Impact Statement for Ordinance No. 185332 on May 16, 2012 to authorize the Contract No. 30002662 with Moss Adams, LLP to conduct the financial audits relating to FY 2011-12 through FY 2013-14. The cost of this financial audit is covered by the Office of the City Auditor's current budget.

Community impacts and community involvement:

- Reporting the outcome of the impartial annual audit of the City's financial statements to City Council and the public will benefit all the residents of Portland by improving City accountability.
- Direct public involvement in the development of the financial audit being reported to Council would not be appropriate. The conduct, scope and reporting of the annual financial audit is driven by the requirements of City Charter, state and federal law which require that these audits be conducted to generally accepted government auditing standards, or to do certain things.
- This report to City Council represents public involvement in the form of public information at a public meeting. Additional public information has been provided by the publication of the audited FY 2013-14 City CAFR and the Single Audit on BRFS' website.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount