

**CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Consent C 4

DATE: March 25, 2010

SUBJECT: Contract for Financial Review

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:

The issue before the Council is the authorization for the Mayor to sign a contract with Camille Tabor (Attachment A) to provide an independent review of the City's annual financial report.

In December 2009 the Council approved an Interlocal Agreement with Fire District 7 to provide staff to assist with the financial review of the City's annual report. The State Auditor reviewed the Interlocal Agreement proposed and advised that it would not be appropriate for the City and Fire District to enter into the agreement. There was no issue with an independent contract with Fire District 7's staff member.

STAFF RECOMMENDATION

Staff recommends the Mayor be authorized to sign the contract with Camille Tabor for Financial Review of the City's annual financial report in accordance with the State Auditor's compliance requirements.

SUMMARY:

In accordance with RCW 43-09-020, the City prepares an annual financial report for submittal to the State Auditor. The report includes detailed reports of revenues and expense, summaries of each fund, debt service payments and information on federal and state grant expenditures. The reports must all balance out to one another as well as balance out to the City's financial records.

The State Auditor has recommended the City have an independent review of the reports performed by someone other than the person who prepared the reports. The problem the City has encountered is the staff (other than the Deputy Finance Director) does not have adequate knowledge of the reports to perform the necessary review.

The City requested the assistance of the City of Marysville to review the 2007 report however their staff did not have access to all the supporting documents to do a complete review. For the 2008 report, the City hired staff from Fire District 7 (a former Auditor) who reviewed the report and supporting documents on site. They also provided assisted to City staff in resolving issues with the warrant account.

MOTION:

Move to authorize the Mayor to sign the contract with Camille Tabor for Financial Review of the City's annual report.

Attachments: A. Contract with Camille Tabor

**AGREEMENT FOR SERVICES
BETWEEN THE CITY OF SULTAN AND
CAMILLE TABOR**

THIS AGREEMENT, is made this 25th day of March 2010 by and between the City of Sultan (hereinafter referred to as "City"), and Camille Tabor (hereinafter referred to as "Service Provider").

WHEREAS, Service Provider is in the business of providing certain services specified herein; and

WHEREAS, the City desires to contract with Service Provider for the provision of financial analysis services, and Service Provider agrees to contract with the City for same;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties as follows:

Section One – Description of Work

The City will assign work to the Service Provider on an on-call basis. The City and the Service Provider will agree to specific project tasks, timelines, and due dates in writing before work will commence on any specific project. The following description of work provides an outline of the types of tasks that may be assigned the Service Provider:

- Provide agreed upon procedures of the annual financial report based on guidelines from the State Auditor's office, as described below.
- Provide assistance to help City staff resolve issues with the financial reports.

Using the City's financial reports, which will include the financial statements, footnotes and schedules you provide, for the year ended December 31, 2009 provider will perform the following agreed upon procedures:

- Read the financial statements, footnotes and required schedules to ensure they are in a format consistent with and compiled in accordance with the methods prescribed by the State Auditor under the authority of the Washington State law, Chapter 43.09 RCW, using the Budgeting, Accounting and Reporting System for Fire Districts in the State of Washington.
- Check to ensure that the amounts reported on the statements, footnotes, and schedules are consistent with the underlying accounting records provided.
- Check to ensure that the amounts reported on the statements, notes, and schedules are consistent with one another.
- Check to ensure that the totals and sub-totals presented on the statements, footnotes and schedules are mathematically accurate.
- Any errors and or inconsistencies that are identified will be reported to the City and provider will make suggestions for changes or corrections to the financial reports.

- Provide worksheets to the City for reconciling petty cash accounts, bank accounts, and county treasurer's reports with the financial statements and schedules.

Provider will not audit or review the financial statements and, accordingly, will not express an opinion or any other form of assurance on them.

Provider will assert that they are independent with respect to the Fire District.

The financial reports will be used by the City and the State Auditor, but in accordance with state law the reports will become a public record.

Objectives and Limitations.

The objective of the engagement is to perform agreed upon procedures on the City's financial reports. The City is responsible for management decisions and functions, and for designating a competent employee to oversee the services provided. The City is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. The City is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, for the City's compliance with applicable laws and regulations, and for the effectiveness of the City's internal control over compliance with those laws and regulations.

The agreement is not intended to express an opinion on the financial statements; to evaluate and report on internal control; or to render an opinion on compliance with laws and regulations. Also, the agreement cannot be relied upon to disclose errors, fraud, or illegal acts that have occurred. However, if during the course of the engagement the provider becomes aware of any material errors, illegal acts or fraud, whether related to the agreed upon procedures or simply other financial matters that come to the provider's attention during the engagement, the provider will bring them to the City's attention. Should the provider become aware of illegal acts the provider shall immediately notify the City in writing.

Due Professional Care.

These agreed upon procedures may not meet the needs of all report users, who may require additional information and assurances on the financial statements, internal control, and compliance with laws and regulations. In accordance with Government Auditing Standards, the City should consider whether additional testing of financial statement amounts and presentations, controls, and compliance are necessary to supplement the coverage of these areas and to meet the reasonable needs of report users. These additional needs are quite often met by:

- an audit of financial statements conducted in accordance with Government Auditing Standards,
- supplemental agreed-upon procedures, or
- an examination of compliance or internal control resulting in an opinion.

Recommendations

During the course of the engagement, it is possible that the provider may observe opportunities for economies of operation, for improved internal administrative and accounting controls, or the provider may observe variances with applicable laws and regulations or other matters that should be brought to your attention. Any comments and recommendations concerning such matters, if any, will be conveyed to the City in written form.

Reporting Package.

The financial reports upon which the agreed upon procedures will be performed are:

- Resources and Uses arising from cash transactions – 2009
- Notes to Financial Statements - 2009
- Detail of Revenues and Other Resources (Schedule 04) – 2009

- Detail of Expenditures and other Uses (Schedule 05) – 2009
- Schedule of Long-term Debt (Schedule 09) – 2009
- Schedule of Expenditures of State and Local Financial Assistance (Schedule 16) – 2009
- Schedule of Expenditures of Federal Awards (Schedule 16) - 2009

Section Two – Payment

The City will pay the Service Provider at the rate of \$100.00 per hour plus travel for the work to be performed under this Agreement upon satisfactory completion of all services and requirements specified herein. At no time will the total amount of the contract exceed four thousand (\$4,000).

Invoices covering services performed by the Service Provider will be submitted to the City within ten (10) days following the completion of services. The City shall make payment within four (4) weeks after the submittal of each approved invoice. Such invoice shall detail the hours worked, a description of the tasks performed, and shall separate all charges for clerical work and reimbursable expenses.

Section Three - Liability

Service Provider shall be responsible for the safety of its employees, agents and subcontractors in the performance of the work hereunder and shall take all protections reasonably necessary for that purpose. All work shall be done at Service Provider's own risk, shall comply with all federal, state and municipal laws, ordinances, rules and regulations that are now or may in the future become applicable to Service Provider and Service Provider shall be responsible for any loss of or damage to materials, tools, or other articles used or held for use in connection with the work.

Section Four – Evaluation

Although the Service Provider shall have the authority to control and direct the services and details of the work, the work must also meet the approval of the City and shall be subject to the City's general right of inspection and supervision.

Section Five – Insurance

Insurance is not required for this contract.

Section Six – Indemnification

The Service Provider shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Service Provider and the City, its officers, officials, employees, and volunteers, the Service Provider's liability hereunder shall be only to the extent of the Service Provider's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Service Provider's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

Section Seven – Termination & Breach

The City shall have the option to terminate this Agreement at any time. Termination shall be effective upon ten (10) days written notice to the Service Provider.

In the event of termination, the City shall only be responsible to pay for all services satisfactorily performed by Service Provider to the effective date of termination, as described in the final invoice to the City. The City Manager shall make the final determination about what services have been satisfactorily performed.

All costs incurred by the City due to Service Provider's failure to comply with the terms and conditions of this Agreement shall be the responsibility of the Service Provider. The City may deduct its costs from any payments due to the Service Provider.

Section Eight - Entire Agreement

The written provisions and terms of this Agreement, together with all documents attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statements shall not be effective or be construed as entering into or forming a part of, or altering in any manner whatsoever, this Agreement.

Section Nine - Modifications

No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the City and Service Provider.

Section Ten – Written Notice

All communications regarding this Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Any written notice hereunder shall become effective as of the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated in this Agreement or such other address as may be hereafter specified in writing.

Section Eleven – Governing Law – Disputes

This Agreement shall be governed by the laws of the State of Washington, and the jurisdiction of any dispute under this Agreement shall be the Superior Court of Snohomish County, Washington.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year above written.

CITY OF SULTAN

By: _____
Carolyn Eslick, Mayor

SERVICE PROVIDER

By: _____
Title: _____
Taxpayer ID #: _____

CITY CONTACT

City of Sultan
319 Main Street, Suite 200
Sultan, WA 98294
Phone: 360-793-2231
Fax: 360-734-3344

SERVICE PROVIDER CONTACT

Phone:
Fax:

ATTEST/AUTHENTICATED

By: _____
City Clerk

APPROVED AS TO FORM

By: _____
Office of the City Attorney