



AUDIT COMMITTEE
Willamette Room
Monday, November 26, 2007
3:00 p.m.

MINUTES

Committee members present: Jeff Christman, Sharon Konopa, Ralph Reid, Jr., Sue Folden

Committee members absent: None.

Staff present: Stewart Taylor, Finance Director; John Stahl, Assistant Finance Director;
Diana Eilers, Administrative Assistant I

Others present: None.

CALL TO ORDER

Jeff Christman called the meeting to order at 3:00 p.m.

APPROVAL OF OCTOBER 3, 2007, MINUTES

MOTION: Sharon moved to approve the minutes from October 3, 2007. Ralph seconded the motion, and it passed 4-0.

SCHEDULED BUSINESS

Business from the Public

None.

Continued Discussion: Transient Room Tax Audit

The Committee reviewed the memo that Stewart put together. There are 13 businesses in Albany that could be audited for transient room taxes. The initial cost estimate to audit all of the 13 businesses is about \$10,000. It is not in the current budget, but the money is available if the Committee wants to do this. The audit will include reviewing the provisions of the code, examining the premises of each business, reviewing the tax records, and providing a written report. Jeff said the group needs to decide the following: If the Committee wants to have the audit done, which businesses will be audited, which auditors will perform the audit, and when the audit will be done.

All members agreed that they want to do some sort of transient room tax audit. John said that if the cost for the audit is over \$5,000 and less than \$25,000 we will need to do a request for quotes (RFQ). Stewart said that this could become part of the annual audit. Jeff asked if the RFQ has to be advertised. Stewart said that the City is required to get at least three quotes. Sharon asked how the records of major hotel/motel chains are reviewed. Stewart said he believes it will vary from one hotel to the next.

Stewart said it will be important to pay attention to the scope of services to verify that all hotel operators are collecting and remitting room tax payments. Sue said that number five, under Scope of Services, is a bit broad and that the audit should be narrowed down to review the last two quarters of the fiscal year as this will be more cost effective. Sharon said she thinks that January or February is the best time to conduct the audit because the businesses would be less busy. Sue said early January is when auditors are less busy. Stewart said the RFQ could go out fairly quickly. The money is not in the current budget; so it

will need to be approved by the Council. John suggested using the transient room tax revenue to conduct the audit. Stewart will see if this item can be added to the December 3 or 10 Council agenda.

Sue said we may get a better quote if the date for the audit is flexible because the auditors will be able to schedule the audit when they have the most available time. Ralph suggested having the requirement of having it done by the end of the fiscal year. Stewart will review the proposals with the Committee to make the selection. Sue asked if there are any other areas of taxes that should be audited and if citizens may question why we aren't doing other types of audits, such as internally. Jeff said the group had talked about auditing businesses paying franchise taxes. Sue said it's important to be able to provide the citizens a reason to why we are doing the type of audits we are doing.

Stewart will check with Boldt & Carlisle to see if they have done a franchise audit before and how much it would cost to do that prepare one. Jeff is on the Tel-Com Committee, and he met a person who handles the franchise agreements for the City of Eugene. Jeff will contact her to see what her job entails and if she does franchise audits herself. Sharon said that once the audit begins, it will need to be done on a regular basis. Stewart will take care of putting the RFQ together. The deadline for the RFQ will be Friday, December 21, 2007.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

To be announced.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:10 p.m.

Respectfully submitted,

Signature on File

Diana Eilers
Administrative Assistant I

Reviewed by,

Signature on File

Jeff Christman
Chairman