



MEMORANDUM

March 17, 2014

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator *Eric*
Russ Truell, Assistant City Administrator/CFO

SUBJECT: Memorandum of Understanding with Williamson County - Conference Center Audit Contract

Purpose

The purpose of this Memorandum of Understanding (MOU) is to provide a framework for securing an independent accounting firm to conduct the financial audit of the Cool Springs Conference Center.

Background

The City of Franklin and Williamson County are required by State rules to conduct an audit on the operations of the jointly-owned Cool Springs Conference Center. In the past, the City has taken the lead on performing this function.

In order to formalize and document the process, legal counsel has recommended a memorandum of understanding between the parties regarding the selection and procurement of these outside services.

The attached MOU is intended to serve that purpose. The County Attorney and City Attorney have reviewed and approved the document as to form, and have signaled it ready to present for adoption by the two elected bodies.

Financial Implications

There is no anticipated change in budgeted revenue or expense. The cost of the audit is paid through the Conference Center budget, to which the City and County have an equal share.

Recommendation

Approval of the Memorandum of Understanding is recommended.

CONTRACT TO AUDIT ACCOUNTS
OF
Cool Springs Conference Center

FROM July 01, 2012 TO June 30, 2013

This agreement made this 1st day of February 2013, by and between Crosslin and Associates, PC, 3803 Bedford Avenue, Suite 103, Nashville, TN 37215, hereinafter referred to as the "auditor" and Cool Springs Conference Center, of 700 Cool Springs Boulevard, Franklin, TN 37067, hereinafter referred to as the "organization", as follows:

1. In accordance with the requirements of the laws and/or regulations of the State of Tennessee, the auditor shall perform a financial and compliance audit of the organization for the period beginning July 01, 2012, and ending June 30, 2013 with the exceptions listed below:

2. The auditor shall conduct the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. Additional information and procedures necessary to comply with requirements of governments other than the State of Tennessee are permissible provided they do not conflict with or undermine the requirements previously referenced. If applicable, the audit is to be conducted in accordance with the provisions of the Single Audit Act and U.S. Office of Management and Budget (OMB) *Circular A-133*. The audit is also to be conducted in accordance with any other applicable federal management circulars. It is agreed that this audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury. It is further agreed that any deviation from these standards and procedures will be approved in writing by the Comptroller of the Treasury prior to the execution of the contract. The interpretation of this contract shall be governed by the above-mentioned publications and the laws of the State of Tennessee.

3. The auditor shall, as part of the written audit report, submit to the organization's management and those charged with governance:

- a report containing an expression of an unqualified or modified opinion on the financial statements, as prescribed by the *Audit Manual*. This report shall state the audit was performed in accordance with *Government Auditing Standards*, except when a disclaimer of opinion is issued. If the organization is a component unit or fund of another entity, it is agreed that: (a) the financial statements may be included in the financial statements of the other entity; (b) the principal auditor for the other entity may rely upon the contracted auditor's report; (c) any additional information required by the principal auditor of the other entity will be provided in a timely manner.
- a report on the internal control and on compliance with applicable laws and regulations and other matters. This report shall be issued regardless of whether the organization received any federal funding. Audit reports of entities which are subject to the provisions of the Single Audit Act and *OMB Circular A-133* shall include the additional report required by that circular. The reports will set forth findings, recommendations for improvement, concurrence or nonconcurrence of appropriate officials with the audit findings, comments on corrective action taken or planned, and comments on the disposition of prior year findings.

4. If a management letter or any other reports or correspondence relating to other matters involving internal controls or noncompliance are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no reportable matters or significant deficiencies not also disclosed in the findings found in the published audit report).

5. The auditor shall file one (1) electronic copy of said report with the Comptroller of the Treasury, State of Tennessee. The auditor shall furnish printed copies and/or an electronic copy of the report to the organization's management and those charged with governance. It is anticipated that the auditor's report shall be filed prior to December 31, 2013, but in no case, shall be filed later than six (6) months following the period to be audited, without prior written explanation to the Comptroller of the Treasury, State of Tennessee and the organization. Requirements for additional copies, including those to be filed with the appropriate officials of granting agencies, are listed below:

6. The auditor agrees to retain working papers for no less than five (5) years from the date the report is received by the Department of Audit. In addition, the auditor agrees that all audit working papers shall, upon request be made available in the manner requested by the Comptroller for review by the Comptroller of the Treasury or the Comptroller's representatives, agents, and legal counsel, while the audit is in progress and/or subsequent to the completion of the report. Furthermore, at the Comptroller's discretion, it is agreed that the working papers will be reviewed at the office of the auditor, the entity, or the Comptroller and that copies of the working papers can be made by the Comptroller's representatives or may be requested to be made by the firm and may be retained by the Comptroller's representatives.

7. Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts such as theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in *Tennessee Code Annotated*, § 38-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the treasury, an amendment to this contract may be made by the organization's management and those charged with governance and the auditor for such additional investigation.

8. (Special Provisions)

9. In consideration of the satisfactory performance of the provisions of this contract, the organization shall pay to the auditor a fee of (Fees may be fixed amounts or per diem.) (Fixed Amount: ~~\$13400~~) or (Estimated gross fee:)

(If per diem, an estimated gross fee should be furnished to the governing unit for budgetary purposes. A schedule of such per diem fees should be set forth below. Interim billings may be arranged with consent of both parties to this contract.) Provision for the payment of fees under this agreement has been or will be made by appropriation of management and those charged with governance.

SCHEDULE OF PER DIEM FEES:

10. As the authorized representative of the firm, I do hereby affirm that:

- our firm and all individuals participating in the audit are in compliance with all requirements of the Tennessee State Board of Accountancy and;
- our firm has part has participated in an external quality control review at least once every three (3) years, conducted by an organization not affiliated with our firm, and that a copy of our most recent external quality control review report has been provided to the organization, and the office of the Tennessee Comptroller of the Treasury approving this contract;
- all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*.
- all auditors participating in the engagement are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*

11. This writing, including any amendments or special provisions, contains all terms of this contract. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable, unless entered into in accordance with the procedures set out herein and approved by the Comptroller of the Treasury, State of Tennessee. In the event of a conflict or inconsistency between this contract and the special provisions contained in paragraph 8 of this contract, the special provision(s) are deemed to be void. Any changes to this contract must be agreed to in writing by the parties hereto and must be approved by the Comptroller of the Treasury, State of Tennessee. All parties agree that the digital signatures, that is, the electronic signatures applied by submitting the contract, are acceptable as provided for in the Uniform Electronic Transaction Act. Any paper documents submitted related to this contract will be converted to an electronic format and such electronic document(s) will be treated as the official document(s).

12. If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms will not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

Crosslin and Associates, PC

Cool Springs Conference Center

Audit firm

Governmental Unit or Organization



Daniel P. Miller

By _____
Signature

Title/Position: Principal

E-mail address: dell.crosslin@crosslinpc.com

Date: February 01, 2013



Mike Lowe

By _____
Signature

Title/Position: Comptroller

E-mail address: russ.truell@franklintn.gov

Date: February 01, 2013

Approved by the Comptroller of the Treasury, State of Tennessee

For the Comptroller:



David Sturtevant

By _____

Date: February 15, 2013