

Bob Mollette

3rd Ward Councilman

1705 Franklin Blvd.
Portsmouth, Ohio 45662

Phone: 740-353-0099
email: mollette@mollette.info
website: www.mollette.info

Correspondence#: 08-037

December 29, 2008

Honorable Council Members
Trent Williams, Auditor
Michael Jones, Solicitor
728 Second Street
Portsmouth, Ohio 45662

Re: City of Portsmouth Financial Auditing and Accountability

On February 12, 2007, Council passed Ordinance #2007-07 authorizing the City Auditor to enter into a contract with Caudill & Associates, CPA's, to perform the City of Portsmouth's financial and compliance audits for the next three one-year periods, January 1, 2006 through December 31, 2008. The 2007 yearly audit was completed, by Caudill & Associates, and accepted by the Auditor of State on August 29, 2008. The 2008 yearly audit will begin after January 1, 2009. Based on provided information below I have my doubts that Caudill & Associates will conduct and provide a compliance audit based on facts and furnished information to ensure necessary compliance and accountability within our City Financial Department. Auditing without accountability will adversely affect public confidence in the financial and compliance audits performed for the City of Portsmouth.

On April 21, 2008, I requested documentation through several City officials and departments as to whom and when authorization was obtained to replace the roof at the Marting Building Annex for an estimated expenditure of \$49,500 which was reported April 15, 2008 in the Portsmouth Daily Times. On May 12, 2008, the Auditor of State informed me this issue would be provided to Caudill & Associates for their review as a part of the 2007 yearly audit. On May 22, 2008, the Auditor of State requested Caudill & Associates to send a summary of their findings and their final decision regarding this issue along with other findings during the 2007 audit.

On November 11, 2008, I requested the assistance of the Auditor of State to determine if the 2007 yearly audit that was released September 11, 2008, had evaluated my concerns over the expenditure associated with the Marting Building Annex roof. On November 20, 2008, the Auditor of State reported that Caudill & Associates confirmed on September 2, 2008 this issue had been investigated and did not warrant a management letter comment or any type of report comment.

On November 20, 2008, I contacted the office of Caudill & Associates to discuss their findings as related to this issue included in the 2007 yearly audit. I left a message with an employee requesting a meeting or discussion; no return call was received. On November 24, 2008, I contacted the office of Caudill & Associates to discuss their findings and again left a message, again no return phone call.

On November 25, 2008, I made a verbal request to the Auditor of State for all correspondence between the Auditor of State and Caudill & Associates regarding my complaint that a roof was replaced and paid for by the City of Portsmouth without a vote of Council. On December 17, 2008, the Auditor of State forwarded the requested public records. Also at this same time I requested the Auditor of State's assistance to obtain public records that are maintained by Caudill & Associates on this particular issue.

On December 17, 2008, Caudill & Associates contacted me to inform their 2007 yearly audit records could be inspected but not copied. I stated I was particularly interested in records concerning their investigation and findings with the Marting Building Annex roof expenditure. Caudill & Associates stated he was familiar with that issue but it had not been evaluated because it was outside their scope of work for the 2007 yearly audit.

On December 22, 2008, the Auditor of State confirmed that Caudill & Associates did not do as requested on May 22, 2008, although Caudill & Associates reported the issue complete on September 2, 2008. The Auditor of State informed this issue would now be included in the 2008 yearly audit with results around September 2009.

The Auditor of State has limited resources and relies on Independent Public Accountants like Caudill & Associates, CPA's to perform comprehensive financial and compliance audits within Ohio. During my above research I became aware of other reported complaints that may not have been properly evaluated by Caudill & Associates that would ensure accountability to the public.

Please consider this request to discuss these concerns with available actions at our earliest date to assure the public confidence is maintained.

If you should have any questions contact me.

Respectfully,



Bob Mollette, 3rd Ward Advocate and Representative on City Council

rwm

cc: Jim Kalb, Mayor
Caudill & Associates, CPA's, 725 5th Street Portsmouth, Ohio 45662
Mary Taylor, CPA, Auditor of State, 88 E. Broad St., 5th Floor Columbus, Ohio 43215
Nancy H. Rogers, Attorney General of Ohio, 30 E. Broad St., 17th Floor Columbus, Ohio 43215
Jo Ann Aeh, Clerk (Record)