

MEMORANDUM

Council Agenda
Item No. VI.R.
3/20/2012

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution authorizing the City Treasurer to administer any third party contracts authorized pursuant to 68 O.S. §2702 and approved by the City Council, for the purposes of implementing and augmenting the enforcement and compliance related to collection of Oklahoma City sales and use tax; to take all actions necessary for administration of said contracts, including but not limited to deciding which audits shall be conducted pursuant to said contracts; and report on said administration to City Council not less than twice annually.

Purpose The delegation of authority to the City Treasurer will allow for efficient and effective administration of the independent auditor contracts.

Background Effective July 1, 2010, amendments to 68 O.S. §2702 authorized municipalities to implement or augment the enforcement of municipal sales and use taxes, either directly or through contract with private audit firms, provided the private firm is first trained and approved by the Tax Commission. In recent years it has been difficult for the OTC to effectively conduct audits for all Oklahoma municipalities within an acceptable timeframe; therefore, state law was amended to allow for cities to hire third parties to assist the OTC and the cities with these duties.

Pursuant to state law, cities may contract with only those third parties approved by the OTC. The OTC approved three third party audit firms to assist the OTC and cities with sales and use tax enforcement and collection. Other firms may be approved in the future.

On February 28, 2012 (Item No. VI.U.), Council approved Sole Source Agreements with Revenue Recovery Group, Inc., PRA Government Services, LLC dba RDS, and Gano Coleman, CPA, PLLC, to provide independent audit management services, February 28, 2012 through June 30, 2012.

In order to effectively and efficiently manage the contracts, the attached resolution proposes that the City Treasurer, who will be dealing with the audit firms on a regular basis, be given the authority necessary to decide which audits should or should not be conducted.

The City Treasurer would be required to report to the City Council at least twice annually to provide an update on the status of third party enforcement of City sales and use tax collections.

Review

Finance Department

Recommendation: Resolution be adopted.

RESOLUTION

RESOLUTION AUTHORIZING THE CITY TREASURER TO (1) ADMINISTER ANY THIRD PARTY CONTRACTS AUTHORIZED PURSUANT TO 68 O.S. §2702 AND APPROVED BY THE CITY COUNCIL OF THE CITY OF OKLAHOMA CITY, FOR THE PURPOSES OF IMPLEMENTING AND AUGMENTING THE ENFORCEMENT AND COMPLIANCE RELATED TO COLLECTION OF OKLAHOMA CITY SALES AND USE TAX; (2) TAKE ALL ACTIONS NECESSARY FOR ADMINISTRATION OF SAID CONTRACTS, INCLUDING BUT NOT LIMITED TO DECIDING WHICH AUDITS SHALL BE CONDUCTED PURSUANT TO SAID CONTRACTS; AND (3) REPORT ON SAID ADMINISTRATION TO CITY COUNCIL ON A REGULAR BASIS NOT LESS THAN TWICE ANNUALLY.

WHEREAS, pursuant to the provisions of 68 O.S. §2702, the City of Oklahoma City contracts with the Oklahoma Tax Commission (OTC) giving the OTC authority to assess, collect and enforce Oklahoma City sales and use taxes, penalties and interest thereon; and

WHEREAS, in recent years it has been difficult for the OTC to effectively conduct audits for all Oklahoma municipalities within an acceptable timeframe; therefore, state law was amended to allow for cities to hire third parties to assist the OTC and cities with these duties; and

WHEREAS, pursuant to state law, cities may contract with only those third parties approved by the OTC; and

WHEREAS, the OTC has approved three third party audit firm to assist the OTC and cities with sales and use tax enforcement and collection and others may be approved in the future; and

WHEREAS, the City has contracted with the three approved third party audit firms and it is necessary for the efficient and effective administration of the contract that the City Treasurer, who deals with the audit firm on a regular basis, be given the authority necessary to decide which audits should or should not be conducted; and

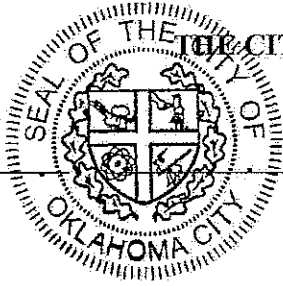
WHEREAS, in order for the Council to stay updated on the status of third party enforcement of City sales tax collections, the Treasurer shall provide reports to the City Council on a regular basis not less than twice annually; and

NOW, THEREFORE, BE IT RESOLVED, that the Council of the City of Oklahoma City and Mayor direct and authorize the City Treasurer to administer all third party contracts entered into by the City Council pursuant to the authority of 68 O.S. §2702, with the Treasurer's duties to include taking all action necessary to administer these contracts including deciding whether the City shall pursue any audits and to provide regular reporting not less than twice annually on the status of said administration.

ADOPTED by the Council and **SIGNED** by the Mayor this 20th day of March, 2012.

ATTEST: (SEAL)

Travis Berry
CITY CLERK



CITY OF OKLAHOMA CITY

Neil Austin
MAYOR

REVIEWED for form and legality.

Amy Douglas
Assistant Municipal Counselor