



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
Audit Services Division

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TO: Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
Commissioner Dan Saltzman
Commissioner Erik Sten

FROM: Gary Blackmer, City Auditor

SUBJECT: Audit Schedule for FY 2006-07

Attached is the FY 2006-07 Audit Schedule for the Audit Services Division. The proposed schedule was reviewed with each City Council member prior to it becoming final.

If you have any questions or comments about this schedule, please feel free to call me at (503) 823-4808 or Director of Audit Services Drummond Kahn at (503) 823-3536.

GB:DK:rwc

cc: Tim Grewe, Office of Management and Finance
Bruce Warner, Portland Development Commission
Amalie Alarcon, Office of Neighborhood Involvement
Rosie Sizer, Bureau of Police
Jeff Baer, Bureau of Purchases
Susan Keil, Office of Transportation
Sam Irving, Bureau of Maintenance
Dave Sprando, Portland Fire & Rescue
William White, Bureau of Housing & Community Development
Ken Rust, Office of Management and Finance
Yvonne Deckard, Bureau of Human Resources
David Shaff, Portland Water Bureau
Dean Marriott, Bureau of Environmental Services

City of Portland,
Office of City Auditor,
Audit Services Division

ANNUAL AUDIT SCHEDULE, JULY 2006 – JUNE 2007

The mission of the Audit Services Division is to improve accountability and performance of the City of Portland government by reporting our independent assessments of City services and activities to City officials and citizens, and by recommending actions for achieving greater efficiency and effectiveness. We provide our audit services in an objective, timely, professional, and productive manner. This year's plan reflects a focus on this mission.

The Division has a staff of nine, whose time and effort will be allocated among the following proposed audit areas.

In addition, the Division is responsible for managing the contract for the City's annual financial statement audit, which is performed by an outside public accounting firm.

PROPOSED ESSENTIAL AND RECURRING AUDIT AREAS

Service Efforts and Accomplishments (SEA) – Audit Services' major contribution to the Managing for Results effort. Winner of the 1995 National Performance Measures Excellence Award, and the 2005 Certificate of Excellence in Service Efforts & Accomplishments Reporting. Now in its 16th year. This year's report will contain the results of our 16th annual Citizen Survey and 4th annual Business Survey.

Consolidated Annual Financial Report (CAFR) – Managing the CAFR contract with the outside CPA firm, in auditing the full financial statements for the City of Portland. We are putting the work out for bid early next year, which will entail substantial additional work.

Financial Condition / Trends – Produced by Audit Services every other year, as a gauge of the City's financial condition in a number of areas.

Portland Development Commission – Various audit areas currently being worked out with the PDC Audit Committee – work is funded by interagency transfer from the Portland Development Commission. Work includes a risk assessment of PDC and developing a PDC Chapter in the SEA Report.

Office of Neighborhood Involvement / SEA Chapter – Developing a stand-alone chapter in the SEA Report on the Office of Neighborhood Involvement – including developing performance measures.

OTHER PROPOSED AUDIT AREAS

Community Policing – This audit, in response to Council interest, will assess the Police Bureau’s focus and alignment on community policing, including its goals, structure, and expected outcomes. The audit will also determine what, if any, conditions are impeding greater efforts in community policing.

Police Bureau – Sexual Assault Clearance Rate / Management Audit – This audit, a follow-on effort to our 2005 audit on Police Investigations, will review the causes, effects, and possible solutions to Portland’s low rate of clearing/solving sexual assault crimes compared with other cities.

Taxation / Economy (Businesses leaving?) – This audit will assess the causes, effects, and extent of business and capital “flight” from the City. Building on economic data and three years of our Business Survey data, we will review the extent and possible solutions to business relocation, and how Portland could better attract and retain business. The audit will also describe the City’s current tax structure for businesses and compare the structure with other cities.

Strategic Sourcing – This audit will review the City’s Strategic Sourcing initiative in several specific areas of purchasing goods. We will assess the extent to which strategic sourcing is used and current and potential benefits and drawbacks to using strategic sourcing.

PDOT – Pavement Quality – This audit will assess whether the City is complying with its own quality standards for paving work the City performs. This audit began in April and is slated to be released in August or earlier.

Fire Bureau – General Obligation Bond results – This audit will review whether bonds issued for Fire Bureau building construction were issued and used per the terms of the bonds and their approval.

Homelessness – Progress on 10-year plan – This audit will assess progress to date after the first full year of the City/County 10-year plan to end homelessness. We plan to review and report progress as well as BHCD’s reporting of accomplishments after Year 1 of the plan, as well as next steps in the plan.

Capital Budget Reporting – This audit will review whether the City is effectively reporting its capital budget, and make recommendations to improve the capital budget process.

Construction Contract Compliance – This audit will assess selected construction projects and whether their performance (time and costs) comply with each project’s budget and contract.

AUDITS CURRENTLY UNDERWAY

The following audits will complete field work in the current fiscal year and will be released in the next few months:

Partial Day Absences for Exempt City Employees – May release.

PDOT – Street Paving Compliance (with ORS requirements regarding outside contracting) – May release.

PDC Performance Audit (Economic Development) – June release.

Supervisor Overtime (Water & Maintenance Bureaus) – June release.

PDOT – Street Paving (subtopic) – Final report processing in June, to be released in July.

PDC Risk Assessment – Field work complete in May, reporting planned in June.

Management Letter – Management findings from the outside CPA firm conducting the annual audit of the City of Portland financial statements (for their audit fieldwork completed at the end of 2005).

OTHER WORK OF THE AUDIT SERVICES DIVISION

In addition to the annual plan work outlined above, we perform work to:

- Validate and document the annual increase in the Consumer Price Index for City contracts
- Continue to perform technical assistance upon request to Bureaus on topics including risk assessment, based on available time
- Participate in audit profession activities with regional and national audit organizations to ensure that our Division follows government auditing standards, as required by City Charter and Code.

NATIONAL RECOGNITION OF AUDIT SERVICES DIVISION

During FY 2005-06, we were very pleased to accept two national awards for our work:

- A 2005 Certificate of Excellence in Service Efforts and Accomplishments Reporting. Portland was one of ten governments nationwide to be recognized with this award, presented by the Association of Government Accountants and the Sloan Foundation. The AGA also held its first national conference on SEA reporting in Portland in 2005.
- A 2005 "Gold" Knighton Award for Excellence in Audit Reporting. Audit Services Division was recognized for producing a top audit from local government audit offices nationwide. Our report on "Police Investigations" was recognized for its clarity, public impact, and results. The award is presented by the National Association of Local Government Auditors. Other award recipients in our category were Honolulu (silver) and Oklahoma City (bronze).