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CITY OF  
**PORTLAND, OREGON**

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OFFICE OF THE CITY AUDITOR  
Audit Services Division

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June 10, 2008

TO: Mayor Tom Potter  
Commissioner Sam Adams  
Commissioner Nick Fish  
Commissioner Randy Leonard  
Commissioner Dan Saltzman

FROM: Gary Blackmer, City Auditor

SUBJECT: Audit Schedule for FY 2008-09

Attached is the FY 2008-09 Audit Schedule for the Audit Services Division. The proposed schedule was provided to City Council members for review 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: Ken Rust, Office of Management and Finance  
Bruce Warner, Portland Development Commission  
Susan Keil, Office of Transportation  
John Klum, Portland Fire & Rescue  
Paul Scarlett, Bureau of Development Services  
Dean Marriott, Bureau of Environmental Services  
Zari Santner, Bureau of Parks & Recreation  
Gil Kelley, Bureau of Planning  
Susan Anderson, Office of Sustainable Development  
Amalia Alarcon de Morris, Office of Neighborhood Involvement  
Jennifer Sims, Office of Management and Finance  
Jeff Baer, Bureau of Purchases  
Yvonne Deckard, Bureau of Human Resources



City of Portland  
Office of the City Auditor  
Audit Services Division

**ANNUAL AUDIT SCHEDULE, JULY 2008 - JUNE 2009**

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 residents, 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 10, 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 2004, 2005, 2006, and 2007 Certificates of Achievement in Service Efforts & Accomplishments Reporting, awarded by the Association of Government Accountants and the Sloan Foundation. Now in its 18<sup>th</sup> year, this year's report will contain the results of our 18<sup>th</sup> annual Resident Survey and 6<sup>th</sup> annual Business Survey.

**Comprehensive Annual Financial Report (CAFR) Audit** - Managing the CAFR contract with the outside CPA firm, in auditing the full financial statements of the City of Portland. For the second year, the CAFR audit will include the Portland Development Commission as a component unit of the City's financial statements. Our contracted auditing firm is Moss Adams LLP.

**Portland Development Commission** - Various audit areas selected with input from PDC's Audit Subcommittee - work is funded by interagency transfer from the Portland Development Commission.

**OTHER PROPOSED AUDIT AREAS  
PROPOSED AUDIT TOPICS (New)**

**City-Wide Risks (Council Transition Report)** - Using a framework like SWOT (Strengths, Weaknesses, Opportunities and Threats) and/or an existing structure like England's Audit Commission, Balanced Scorecard, or other structure appropriate for local government, discuss the core City risks and significant challenges for the new Council (as of 1/2009). Issues may include fundamental areas like tax structure, intergovernmental collaboration, capital funding and maintenance, strategic planning, and other topics. More than a summary of SEA or Trends, this report would go beyond a description of risks and provide the new Council with a single document to show the key challenges Portland faces.

**Parks Bureau Maintenance / Operations** - Sustainability, plantings, and golf - are operations appropriate? How is Parks' span of control for maintenance? Is it appropriately emphasizing sustainability? Use of native plants? Matching type of use and intended audience to maintenance level and to budget ?

**Bureau of Purchases** - Is Bureau service of high quality and timely? Are purchasing and contracting processes (up to Council level) clear, equitable, efficient and effective? Is Purchases following Sustainable Procurement Strategy? Is guidance for its staff and other bureaus adequate? Is the Sheltered Market Program meeting objectives?

**Sustainability** - The Council has been passing various resolutions that support sustainable efforts - everything from encouraging new City facility projects to meet LEED (green building) standards to decreasing paper use to increasing the City's use of renewable energy resources (see Resolution 36468). This audit would report on the goals of these efforts and whether they have been met.

**PDC Process Flow and Asset Management** - How do project decisions and signoffs happen at PDC? How does follow-through work? Is PDC tracking decisions and approvals? Are the right departments of PDC involved at the right points in the process? Does the asset management system adequately monitor affordable housing projects and commercial development?

**Parking Enforcement** - Is the City enforcing expired license plates and trip permits, apart from other parking violations? (For revenue and air quality).

**Financial Condition Report** - Produced by Audit Services every other year as a gauge of the City's financial condition in a number of areas.

**Urban Renewal Areas and PDC Development Practices** - Can the neighborhoods in urban renewal areas reasonably/realistically sustain the City's economic development goals? Are practices meeting City needs over time or do buildings deteriorate back to the level of urban blight?

**BDS Inspection Services** - The program represents \$11.6 million (31%) of the Bureau of Development Services' \$37.6 million budget and has never been audited.

**Overtime** - How do overtime practices relate to overtime policies? After considering city-wide data, we are selecting specific bureaus for review.

## AUDITS CURRENTLY UNDERWAY

The following audits will complete field work in the next few months (by September 2008):

**Tax Abatement** - This audit, in response to Council interest, will assess City property tax abatement processes and intended and actual outcomes. Issues include how the City monitors tax abatements and confirms its expectations on specific property abatements.

**Portland Development Commission, Disposition and Development Agreements (DDAs)** - This audit, in response to PDC interest, is an analysis of whether developers are delivering the intended results from their agreements with PDC, and will assess the extent to which PDC monitors the developers' progress.

**Parks' 2002 Levy** - This audit will review the five-year levy raised in 2002 to assess whether the use of funds from this levy complies with the terms of the levy voters approved.

**Downtown Parking Meters** - This audit will determine whether the City's investment in SmartMeters has delivered the expected results, and will also assess PDOT's analysis of its parking meter lease-back proposal.

**PDOT Paving Follow-Up** - This audit will review progress made by PDOT and Bureau of Maintenance on the audit recommendations from our 2006 series of audits on paving. PDOT has prepared an update showing their progress. We will conduct the follow-up once the summer paving season is complete and this year's records and results are available for review.

**Fire and EMS Response Times** - This audit will review Fire and EMS response times, which our SEA reports have shown are slightly longer than the Bureau's goal. We will review how the goal was established, why current incident response times fail to meet the goal, and the policy and community impacts of failure to meet the goal. In addition, we will review potential actions that could be taken to improve response times as well as the need for action.

**BES Wastewater Treatment** - This audit will assess BES' Wastewater treatment programs for their effectiveness and efficiency compared to their goals and to other jurisdictions.

**Office of Neighborhood Involvement** - Goals and measures of ONI program, to both produce an audit report and to support a future chapter in the annual Service Efforts and Accomplishments report.

**Fire & EMS Vehicles' Control over Drugs** - this audit [potentially a joint audit with Multnomah County] will review the controls over the physical security and dispensation of drugs carried in Fire Brigade and Emergency Medical Services vehicles.

## 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 2007-08, we were very pleased to receive two national awards for our work:

- A 2007 Certificate of Excellence in Service Efforts and Accomplishments Reporting. Portland was one of eleven state and local governments nationwide to be recognized with this award, presented by the Association of Government Accountants and the Sloan Foundation. This is the fourth consecutive year our office has received this award.
- A 2007 "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 Sexual Assault Clearance Rates was recognized for its clarity, public impact, and results. The award is presented by the Association of Local Government Auditors. This is the third consecutive year our office has received an award for producing one of the top two audit reports in North America for offices of our size.