



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
Audit Services Division

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TO: Mayor Sam Adams
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman

FROM: LaVonne Griffin-Valade, City Auditor

SUBJECT: Audit Schedule for FY 2009-10

Attached is the FY 2009-10 Audit Schedule for the Audit Services Division. Each year, the City Auditor sends the annual audit schedule to Council. This year's schedule was based on my priorities for the year and the suggestions and input from the Audit Services Division, Council members, City bureaus, and Portland residents.

Two key purposes of government auditing are to improve public accountability and to enhance decision-making. I expect that this audit work will meet both challenges by publicly reporting the results of our audit work and by providing our reports and recommendations to Council and bureau managers to help in decision-making.

I appreciated the insights and input from each of you as we planned and finalized this year's schedule. If you have any questions or comments about this schedule, please feel free to contact me or Drummond Kahn, Director of Audit Services.

LGV:DK:rcw

cc: Bureau Directors

City of Portland
Office of the City Auditor
Audit Services Division

ANNUAL AUDIT SCHEDULE, JULY 2009 – JUNE 2010

The mission of the Audit Services Division is to improve the 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 continuing focus on this mission.

In Fiscal Year 2008-09, we completed and publicly released 13 audit reports. The Division has a staff of 12 FTE, whose time and effort will be allocated among the following proposed audit areas.

NEW AUDITS CURRENTLY UNDERWAY

The following audits are new to the Audit Schedule, but were initiated in June or July 2009.

Local Economic Stimulus Efforts – This audit will assess Portland's efforts and progress on the Portland Job Creation and Business Stimulus Package. We expect that our work will review planned and actual achievements from local stimulus efforts. (initiated June 2009)

Portland's Participation in the Federal Stimulus Program – This audit will assess Portland's participation in receiving and using federal funds through the American Recovery and Reinvestment Act. We expect that our work will review the current status of Portland's "draw" of federal funds, the City's plan to use the funds, and the structure for reporting and oversight that Portland will use to communicate its results back to federal sponsors. (initiated June 2009)

Emergency Management – This audit will review Portland's emergency management efforts in terms of whether efforts are sufficient, effective and well-coordinated between key participants. We will coordinate this audit work with the Multnomah County Auditor, and will consider efforts by other partner jurisdictions. (initiated June 2009)

Police Bureau Taser Use – This audit will review Police Bureau policies and practices regarding the controls over, and results of, Taser use. We will review national best practices, local guidance, and current practices. (initiated July 2009)

PLANNED NEW AUDITS

The following planned audit areas are subject to change depending on available audit resources and issues that may emerge subsequent to publication of this Audit Schedule.

Police Property Warehouse – This audit will review the controls over and results of the Police Bureau's recent move of the property warehouse to a new location. The warehouse stores weapons, drugs, and other sensitive inventory.

Controls Over Narcotics – This audit will review the controls over drugs used in Police Bureau training programs.

Span of Control – In light of past Span of Control reviews, this audit will assess current City ratios between management and staff. We will determine current ratios, compare to past Portland ratios, and offer inter-bureau comparisons, along with potential comparisons to other cities.

Capital Construction Processes – Given City efforts to build major capital projects, this audit will assess current City processes (including rules and procedures) to review proposed and current capital projects. The audit will also review past and current projects to provide a public report on the progress of City capital construction goals. This review is focused on City processes for capital construction, and is not specific to reviewing stimulus projects.

Portland Center for the Performing Arts – This audit will assess the current financial and program arrangements for PCPA event management, reviewing current costs, contract and management information related to the City-owned performing arts facilities.

Information Technology (IT) Audit Series – The Auditor’s goal is to build IT auditing capacity internally and to begin conducting routine audits and reviews of IT systems throughout the City, including the new SAP system. The first of these audits will be initiated in FY 2009-10.

AUDITS NEARING COMPLETION

The following audits will complete field work in the next few months (by September 2009):

Fraud Reporting Process – This audit assesses the City’s process for receiving and resolving complaints of fraud, waste, and abuse. The audit will make recommendations to Council to clarify the fraud review process and to make routine the City’s ability to receive and resolve concerns. This is particularly important because of federal requirements for stimulus funds.

Parking Enforcement – This audit assesses the extent to which the City is enforcing expired license plates and trip permits, apart from other parking violations. Enforcement is very important to protect air quality in cooperation with an Oregon Department of Environmental Quality program that tests vehicles prior to registration in the Portland metro area. Parking enforcement also collects revenue for the City through parking tickets.

Bureau of Purchases – This audit assesses current practices and goals to determine the extent to which the Sheltered Market Program is meeting its objectives.

Fire and EMS Response Times – This audit reviews Fire and EMS response times, which our SEA reports have shown are slightly longer than the Bureau’s goal. We are reviewing 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. We are reviewing potential actions that could be taken to improve response times as well as the need for action.

RECURRING AUDIT AREAS

Service Efforts and Accomplishments (SEA) – Audit Services’ major contribution to the City’s efforts to measure and manage performance. Winner of 2004, 2005, 2006, 2007, and 2008 Certificates of Achievement in Service Efforts & Accomplishments Reporting, awarded by the Association of Government Accountants and the Sloan Foundation. Now in its 19th year, this year’s effort will comprise separate reports on City performance data and on the results of our 19th annual Resident Survey.

Comprehensive Annual Financial Report (CAFR) Audit – Managing the CAFR contract with the City of Portland’s outside CPA firm, in auditing the full financial statements of the City. For the third 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 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
- Perform technical assistance upon request to Bureaus on topics including risk assessment, based on available time
- Participate in professional audit 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 THE AUDIT SERVICES DIVISION

During FY 2008-09, we were very pleased to receive three national awards for our work:

- A 2008 Certificate of Achievement 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 (AGA) and the Sloan Foundation. This is the fifth consecutive year our office has been recognized by AGA.
- A 2008 Silver 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 Housing Tax Abatements was recognized for its clarity, public impact, and results. The award is presented by the Association of Local Government Auditors. This is the fourth consecutive year our office has received an award for producing one of the top two audit reports in North America for audit offices of our size.
- The 2009 Gold Website Award, from the Association of Local Government Auditors (ALGA). The Audit Services Division's website was recognized as one of the best audit office websites in the country. Specifically, the Audit Services Division site scored very high on usability and accessibility. In addition, its content and design were judged to be very strong. The ALGA Awards Committee also recognized the website for great information and being very appealing.