



CITY OF PORTLAND

Office of City Auditor LaVonne Griffin-Valade

Audit Services Division

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June 28, 2013

TO: Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman

FROM: LaVonne Griffin-Valade, City Auditor

SUBJECT: Audit Schedule for Fiscal Year 2013-14

Attached is the FY 2013-14 audit schedule and a project status update of completed and in-process audit reports for the Audit Services Division of my office.

If you have any questions or comments about the audit schedule, please feel free to call me at (503) 823-4078 or Director of Audit Services Drummond Kahn at (503) 823-3536.

LGV:DK:rcw

Attachment

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

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 the public, 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 planned audit schedule reflects a continuing focus on this mission.

AUDITS COMPLETED IN FISCAL YEAR 2012-13

[Emergency Management: Coordination improved and most essential functions complete \(Report 441\) - 6/24/13](#) An audit of the Portland Bureau of Emergency Management

[Portland's Fiscal Sustainability and Financial Condition: Long-term financial position needs attention \(Report 443\) - 6/19/13](#) An audit of the City's fiscal sustainability and financial condition

[Portland Development Commission: Records management systems in place, but support and direction needed \(Report 442\) - 4/30/2013](#) An audit of PDC's records management systems

[Public Safety Systems Revitalization Program: Management problems impact cost and schedule goals \(Report 422\) - 4/4/2013](#) An audit of the PSSRP program costs, schedule and governance

[Urban Services Policy and Resolution A: Core City services not articulated; 30-year-old commitments obsolete \(Report 433\) - 3/26/2013](#) An audit to assess the current-day relevancy of the City's Urban Services Policy and Multnomah County's Resolution A

[Street Pavement: Condition shows need for better stewardship \(Report 432\) - 2/19/2013](#) An audit of street pavement condition

[Transportation Funding: Revenues up, spending on maintenance down \(Report 436\) - 1/30/2013](#) An audit of City transportation revenues and expenditures

[Portland Development Commission: Indicators in Urban Renewal Areas suggest economic progress \(Report 440\) - 12/13/12](#) An audit of the Portland Development Commission economic development indicators

[City of Portland 22nd Annual Community Survey Results \(Report 428\) - 10/30/12](#) The 2012 results of the annual Community Survey of Portland residents

[City Financial Transactions: Issues warrant management attention \(Report 406A\) - 9/26/12](#) An analysis of over 12 million financial transactions in the City

[Debt Reserves: Legal reserves meet requirements, but internal reserves need more accountability \(Report 425\) - 8/28/12](#) An audit of the City's debt reserves

[A report to our community \(Report 431\) - 7/25/12](#) A brief snapshot of the status of City finances, strengths and challenges

AUDITS IN PROCESS IN FISCAL YEAR 2012-13

The following audit projects began in FY 2012-13 and are in process as of June 28, 2013.

Transition Report – Key risks for City Council
Bureau of Development Services – Supervision
Bureau of Emergency Communication
SAP – Human Capital Management Module
Parks Maintenance
Services in East Portland
Sexual Assault Investigations follow-up
BDS – Expired Permits
Vacant Positions – Duration held and use in budgeting
Housing – Asset Management and Loans
Garbage Collection and Composting
Procurement *
Streetcar *

* = topic from list of FY 13-14 audits below, started in FY 12-13.

RECURRING AUDIT AREAS

Community Survey – Now in its 23rd year, this is Audit Services' effort to measure resident satisfaction with city services.

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. 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. This outside audit is required by City Code (as well as for Portland to issue bonds and to report to the State in accordance with State law), and Code also requires the City Auditor to select and oversee the independent financial statement audit.

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.

AUDIT SCHEDULE, JULY 2013 – JUNE 2014

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. We expect work on these topics to begin in FY 2013-14. The specific audit scope of any project is subject to change once we begin work on each project.

- **Procurement ***
- **Streetcar ***
- **Second Neighborhood District Audit of Service Delivery**
- **Transaction Testing (specific examinations of City transactions for indications of irregularities)**
- **City Attorney's Office**
- **Human Resources**

- **Technology Services**
- **System Development Charges**
- **City Budget Process**

* = topic from list of FY 13-14 audits, started in FY 12-13.

OTHER WORK OF THE AUDIT SERVICES DIVISION

In addition to the annual plan work outlined above, we expect to do the following:

- Perform technical assistance upon request to Bureaus on topics including risk assessment, contracted audit work and related efforts, based on available time and resources.
- Participate in professional audit activities and training with regional and national audit organizations to ensure that our Division follows government auditing standards, as required by City Charter and Code.

EXPERT INVOLVEMENT AND PARTICIPATION OF AUDIT SERVICES DIVISION MEMBERS

Our work and our employees are respected in the City, as well as in the broader government auditing community. Each member of our professional auditing staff is hired competitively and must meet national standards for auditing, including requirements for continuing professional education and independence. Each auditor in our Audit Services Division holds a graduate degree, a professional certification, or both.

Graduate degrees held by members of our office include Master's of Public Administration and Master's of Business Administration. Certificates held by our professionals include Certified Internal Auditor, Certified Public Accountant, Certified Government Financial Manager, Certified Information Systems Auditor, and Certified Government Auditing Professional. Most of our staff members have prior professional auditing and analysis experience, including service in public and private organizations including the Oregon Audits Division, KPMG, PacifiCorp, U.S. Government Accountability Office, First American Corporation, Oregon Department of Administrative Services, State Legislatures in Washington, Idaho, and Utah, the City of Houston, and the City of New York.

Staff members represent the City through membership and leadership roles in professional associations including the Association of Local Government Auditors, the Institute of Internal Auditors, the Association of Government Accountants, the Government Finance Officers' Association, the Information Systems Audit and Control Association, and the National Association of Construction Auditors.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT SERVICES DIVISION

City Code requires the Audit Services Division to follow national standards for government auditing. Our employees are independent of the City processes they audit, and the Division has no reporting relationship to Council, the Mayor, or to City bureaus. We have systems of internal quality control, including planning, supervision, training, and an extensive fact-checking process for each report. In addition, we have external quality control through the Association of Local Government Auditors. Through this "peer review" program, a team of auditors from other jurisdictions reviews whether our work and processes comply with national standards. We successfully completed our last external quality control review in 2011. The next review is scheduled for 2014.