



CITY OF  
**PORTLAND, OREGON**

OFFICE OF THE CITY AUDITOR  
Audit Services Division

**Gary Blackmer, City Auditor**  
Drummond Kahn, Director of Audit Services  
1221 S.W. 4<sup>th</sup> Avenue, Room 310  
Portland, Oregon 97204

(503) 823-4005 FAX (503) 823-4459  
[www.portlandonline.com/auditor/auditservices](http://www.portlandonline.com/auditor/auditservices)

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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 2007-08

Attached is the FY 2007-08 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: Ken Rust, 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  
Dave Sprando, Portland Fire & Rescue  
William White, Bureau of Housing & Community Development  
Jennifer Sims, Office of Management and Finance  
Yvonne Deckard, Bureau of Human Resources  
David Shaff, Portland Water Bureau  
Dean Marriott, Bureau of Environmental Services  
Zari Santner, Bureau of Parks & Recreation  
Matthew Lampe, Bureau of Technology Services  
Carmen Merlo, Portland Office of Emergency Management



City of Portland  
Office of the City Auditor  
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**PROPOSED ANNUAL AUDIT SCHEDULE  
JULY 2007 – JUNE 2008**

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 10 full-time equivalent employees, 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 2004, 2005, and 2006 Certificates of Excellence in Service Efforts & Accomplishments Reporting, awarded by the Association of Government accountants and the Sloan Foundation. Now in its 17<sup>th</sup> year. This year's report will contain the results of our 17<sup>th</sup> annual Resident Survey and 5<sup>th</sup> annual Business Survey.

**Consolidated Annual Financial Report (CAFR)** – Managing the CAFR contract with the outside CPA firm, in auditing the full financial statements of the City of Portland. This year, the CAFR audit will include the Portland Development Commission as a component unit of the City's financial statements. We awarded the work to the auditing firm Moss Adams LLP.

**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.

**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 to be reported for the first time in a separate report, then included in ongoing SEA reports, beginning in 2008.

## OTHER PROPOSED AUDIT AREAS

**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.

**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.

**Disaster Preparedness** – This audit will follow our March 2007 report on Pandemic Flu planning, broadening the review to examine the City's preparedness for disasters (disease, natural disasters, and other events that could disrupt services). We will coordinate our work with the Multnomah County Auditor's Office, which is planning similar work this year.

**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.

**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.

**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.

**BTS' Span of Control** – This audit will review whether the Bureau of Technology Services has a good balance of managers and staff to address the needs of IT-users in the City of Portland.

**Police Overtime** – This audit will be a follow-up to report #272, to assess whether management has implemented the recommendations of the prior audit report.

**Towing Fees** – This audit will review the practice of the City requesting certain towing companies to remove vehicles from the City streets and receiving a towing "fee" or an agreed-upon reimbursement from these towing companies.

## AUDITS CURRENTLY UNDERWAY

The following audits will complete field work in the next few months (by September 2007):

**Homelessness – Progress on 10-year Plan** – This audit is assessing progress to date after the first full year of the City/County 10-year plan to end homelessness. We are reviewing and reporting progress as well as BHCD's accomplishments after Years 1 and 2 of the plan, and 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.

**Downtown Parking Meters** – This audit will determine whether sampled meters are working accurately and will assess whether the City's investment in SmartMeters has delivered the expected results.

**Personal Computer Assets** – This audit will physically inspect selected desktop and laptop computers to determine whether they are where the City's tracking systems say they are.

**Limited Recruitments and Temporary Appointments** – This audit will review the use of limited recruitments and temporary appointments to assess the extent of these practices and their impact on the City's open and competitive recruitment process.

**Management Training** – This audit will review the types of training that is mandatory for all City of Portland managers and supervisors. This audit will assess the effectiveness of this training and the costs involved.

**Internal Services Bureaus' "Reserve" Funds** – This audit will review the use of these office and unofficial "reserve" funds to assess whether their use is consistent with finance policies.

**Bureau of Parks and Recreation Facilities** - This audit is a follow-up to report #261 on the Parks Bureau's management systems relating to their facilities. This audit will assess whether management has implemented the recommendations of the prior audit report.

## **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 2006-07, we were very pleased to accept two national awards for our work:

- A 2006 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. This is the third such award the Division has received in consecutive years.
- A 2006 "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 "Street Paving" was recognized for its clarity, public impact, and results. The award is presented by the Association of Local Government Auditors. This is the second consecutive year the Division has received an award for one of the top three audit reports in North America for offices of our size.