



CITY OF PORTLAND

Office of City Auditor LaVonne Griffin-Valade

Audit Services Division

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September 23, 2011

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

FROM: LaVonne Griffin-Valade, City Auditor

SUBJECT: Revised Audit Schedule for FY 2011-12

Attached is the Revised FY 2011-12 audit schedule and a project status update of completed and in-process audit reports for the Audit Services Division.

I am adding an audit of **Solid Waste and Recycling** (setting rates and awarding franchises), and am clarifying that we will focus on **Debt Fund Reserves** as an area of study stemming from our audit of Fiscal Sustainability in 2011.

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.

Attachment

LGV:DK:rwc

AUDIT SCHEDULE, JULY 2011 – JUNE 2012

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 2010-11 (as of June 7, 2011)

Police Property Evidence Division: Internal controls and physical security strong; tracking system needs improvement (#403) - 4/4/11 An audit of controls at Portland's Police Property Evidence Division

Spending utility ratepayer money: Not always linked to services, decision process inconsistent (Report 398) - 3/30/11 An audit of the Bureau of Environmental Services' and Water Bureau's use of ratepayer money

Percent for Art: Progress made, but consistency can be improved (Report 401) - 2/17/11 An audit of the City's Percent for Art program, and a follow-up on recommendations made in 2005

Sewer Maintenance: BES and PBOT maintain the system together, but should consider operational changes (Report 365) – 12/16/10 An audit of the agreement between BES and PBOT for PBOT employees to provide sewer maintenance

City of Portland Service Efforts and Accomplishments: 2009-10 (Report 400) – 12/2/10 20th Annual Report on City Government Performance

Police Taser Use: Incidents generally resolved, but some practices and policies could be improved (Report 386) – 11/18/10 An audit of police policies and practices regarding Taser use

Business System Software Implementation: Expensive, late, and incomplete (Report 392) – 11/9/10 An audit of the City's new business system software implementation

City of Portland 20th Annual Community Survey Results (Report 395) – 11/4/10 The 2010 results of the annual community survey of Portland residents

Facilities Services: Project management practices improved (Report 394) – 9/29/10 An audit following up on our 2008 audit of Facilities Services construction contracting

Portland Fire & Rescue: Emergency response time goal not met, though PF&R strives for excellence (Report 366) – 7/1/10 An audit of emergency response time of Portland Fire & Rescue

AUDITS IN PROCESS IN FISCAL YEAR 2010-11

The following audit projects began in FY 2010-11 and are in process as of June 2011.

PCPA – City Oversight of Owned Facilities

FPDR Voter Intent vs. Actual (including Claims/Benefits)

Fiscal Sustainability/ Financial Condition 2000-2010

Span of Control

Transaction Testing (City and PDC component unit)

Water Asset Management

Assessments and Liens RFP / Contract Management

City Office Space Efficiency and Utilization

Police Bureau as a “Learning Organization”

Fire Bureau Overtime

RECURRING AUDIT AREAS

Community Survey – Now in its 21st 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.

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. We expect work on these topics to begin in FY 2011-12. While this listing shows the general focus of each topic, the specific audit scope of any project is subject to change once we begin work on each project.

Bureau of Development Services Inspections – This audit, deferred from two years ago, will review BDS' process, efficiency, and results in conducting inspections.

Emergency Communications – (deferred from fiscal year 2009-10) This audit will assess BOEC processes in call handling and referral to Fire or Police for response.

Debt Fund Reserves – This audit will assess City progress on a key area identified in our 2011 audit on Fiscal Sustainability.

Housing – This audit will review Housing's progress toward goals, and its use of data to measure its progress.

Human Capital Management Module within SAP – This audit will review planned vs. actual progress (cost, schedule, and results) for the HR/Payroll module in the City's SAP system.

Solid Waste and Recycling – This audit will assess the Bureau of Planning and Sustainability process for setting solid waste collection rates and awarding residential hauler franchises.

Portland Development Commission - Loans = Goals – This audit will review the extent to which PDC loans are achieving PDC goals in key areas.

Public Safety System Revitalization Program (PSSRP) – This audit will review planned vs. actual progress (cost, schedule, and results) for the PSSRP project and its components.

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
- 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. The Division has a staff of 12 Full-time equivalent employees.

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, and the Information Systems Audit and Control Association.

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 2008. The next review is scheduled for 2011.

EXTERNAL RECOGNITION OF THE AUDIT SERVICES DIVISION

In May 2011, the office received the 2010 Gold Knighton Award from the Association of Local Government Auditors, our fifth Knighton Award in the past six years. The award was for our Emergency Management report, issued in May 2010.