



CITY OF PORTLAND

Office of City Auditor LaVonne Griffin-Valade

Audit Services Division
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June 29, 2012

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 2012-13

Attached is the FY 2012-13 audit schedule and a project status update of completed and in-process audit reports for the Audit Services Division.

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

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

AUDIT SCHEDULE, JULY 2012 – JUNE 2013

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 2011-12

Portland Fire & Rescue: More active management of overtime and call shifts needed for good stewardship of limited resources (Report 419) - 6/28/12 (PDF Document, 956kb) An audit of Portland Fire & Rescue's use of overtime and call-shifts

Residential Solid Waste: Customer rates accurate, but monitoring should continue (Report 429) - 6/20/12 (PDF Document, 956kb) An audit of Residential Solid Waste rates in the City of Portland

Portland Water Bureau: Further advances in asset management would benefit ratepayers (Report 405) - 6/7/12 (PDF Document, 3,123kb)
An audit of asset management in the Water Bureau

Portland Housing Bureau: Bureau acting on risks, although more remains to be done (Report 421) - 5/23/12 (PDF Document, 1,438kb) An audit of risk areas in the Portland Housing Bureau

Portland Police Bureau Learning: Improvements needed to strengthen existing processes (Report 416) - 5/15/12 (PDF Document, 1,177kb)
An audit of the Police Bureau's efforts to improve operations through experience and external reviews

Downtown Office Space: City uses most of its owned space, but lease practices need attention (Report 417) - 4/30/12 (PDF Document, 667kb)
An audit of the City's use of its owned and leased downtown office space

PDC Economic Development Loans: Loan programs improved, but tracking major borrowers limited (Report 419) - 3/14/12 (PDF Document, 353kb) An audit of Portland Development Commission economic development loans

Portland Development Commission: Financial transaction review reveals areas warranting management attention (Report 406B) - 2/16/12 (PDF Document, 316kb) A diagnostic review of financial transactions

City of Portland 21st Annual Community Survey Results (Report 409) - 12/6/11 (PDF Document, 403kb) The 2011 results of the annual community survey of Portland residents

Audit of the Auditor - 2011 Peer Review of the Audit Services Division (Report 402) - 9/9/11 (PDF Document, 1,392kb) The Audit Services Division passes its seventh consecutive peer review, conducted every three years by a group of outside audit professionals

Span of Control: Although numbers are reported, bureaus lack organizational structure goals (Report 397) - 8/17/11 (PDF Document, 319kb) An audit of the City's supervisor-to-employee span of control ratios

Portland's Fiscal Sustainability and Financial Condition: Actions now can reduce risk of future problems (Report 399) - 7/28/11 (PDF Document, 1,381kb) An audit covering the City's financial condition and fiscal sustainability

AUDITS IN PROCESS IN FISCAL YEAR 2012-13

The following audit projects began in FY 2011-12 and are in process as of June 29, 2012.

Debt Fund Reserves

Transaction Testing (City Transactions)

Auditor's Report to the Community – Financial and performance information in a 4-page format geared toward a community audience

Bureau of Emergency Communications

PSSRP Project Progress

RECURRING AUDIT AREAS

Community Survey – Now in its 22nd 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 TO BEGIN IN FY 2012-13

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 2012-13. 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.

- **Resolution A / Urban Services**
 - **Identify core services**
 - **Identify other City-provided or funded services**
- **Distribution of Services in East Portland, and pilot project to assess City service distribution in all seven neighborhood coalitions**
- **Transportation Spending (General Transportation Revenue)**
- **Transition Report – presenting City-wide risks to the new City Council in early 2013**
- **Street Paving (including updated information from our 2008 street paving report)**
- **Fiscal Sustainability (incorporating Post-employment benefits)**
- **Housing – asset management/loans (topic was identified in our 2012 assessment of Housing Bureau risks)**
- **Sexual Assault follow-up to our 2006 audit on Police Investigations**
- **Emergency Management follow-up**
- **Parks Maintenance**
- **Vacant Positions – duration held open and use in budgeting**
- **Composting and Bi-monthly garbage collection**

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. 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 2011. The next review is scheduled for 2014.