

information

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2023 Audit Impact Report: Opportunities to coordinate services and improve equity of City government as it transitions

Report



The City implemented under half of our audit recommendations as of 2023, below the average of other comparable cities. Portlanders need bold leadership, with a focus on coordination, for

the City to make progress on recommendations not yet implemented and to continue to improve equity of services.

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Letter from the Auditor

Read this letter as a PDF:

[2023 Audit Impact Report -- Letter from the Auditor](#) 194.99 KB

Fellow Portlanders:

My Office exists to ensure open and accountable government for all of us. We do this by providing independent and impartial reviews, access to public information, and services to City government and the public. I'm excited to introduce a new kind of independent and impartial review to keep you informed about your City government: the Audit Impact Report.

City Charter makes my Office responsible for auditing the performance of City government. Performance audits review the efficiency, effectiveness, and equity of a program or service. Our commitment to improving City services is reflected in the quality of our audit recommendations, which are intended to increase equity in contracting, grow public trust in policing, and address Portland's housing crisis, among other things.

Implementing audit recommendations makes government work better for those who rely on its services. My Office, like other leading audit organizations, uses the recommendation implementation rate to measure the impact our audits are having on the City.

A defining characteristic of the auditing profession is our independence from those charged to act on recommendations. That separation gives us freedom from bias in carrying out our work, and confidence to provide objective information about what needs to be improved. The responsibility to act on our recommendations falls on the shoulders of City leadership: Portland City Council who is accountable to Portlanders, and City management who is accountable to City Council. We hold City leadership accountable by issuing and monitoring the status of audit recommendations.

Portland voters made history in November 2022 by adopting a new election system and form of government. City leadership has had a unique window of opportunity before voter-approved changes take effect in January 2025 to develop new structures, policies, and operations that better serve the needs of Portlanders. While our audit mandate remains unchanged, the new form of government requires that we form new relationships with City leadership. Going forward, the city administrator—rather than a member of City Council—will be responsible for responding to recommendations from our audits.

Reporting on the status of recommendations presents a shared opportunity for my Office and City leadership to evaluate our collective performance, consistent with best practices in the auditing profession.

Monitoring the status of recommendations not only helps us meet auditing standards, but it also provides us with insights into how the City is performing after our audit work is done. Since I took office in January 2023, I have made some changes to how we conduct this work:

- We were publishing follow-up reports for each audit at their one- and two-year anniversary. I have decided to replace those individual publications with this comprehensive Citywide report that I am committed to publishing each year.
- Since it can take time to implement recommendations that address systemic issues, I have decided to extend the period we monitor recommendations from two years to five years after an audit is published.
- Lastly, I asked my team to enhance this yearly update by offering our perspective on what pressing matters demand the attention of City leadership as they embrace their new roles and responsibilities.

We present this information to highlight the progress and work of the City, and what more the City could achieve by implementing outstanding recommendations from our audits.

We invite current and future City leadership, as well as the broader Portland community, to use this information when calling for change in City government. Together, we can make Portland a better place for all who live, work or play here.

In service to you,

Simone Rede

auditor.rede@portlandoregon.gov

503-823-4078

Results

City has implemented under half of our recommendations

We use recommendation implementation rate to measure our audits' impact on City programs and operations. An "implemented" status means the City has taken action to fully respond to the recommendation from the original audit and completed the work. As of 2023, the City had implemented 46 percent of our recommendations. This includes 37 audits and 213 recommendations from the last five years.

Figure 1. Nearly half of our recommendations to the City have been implemented

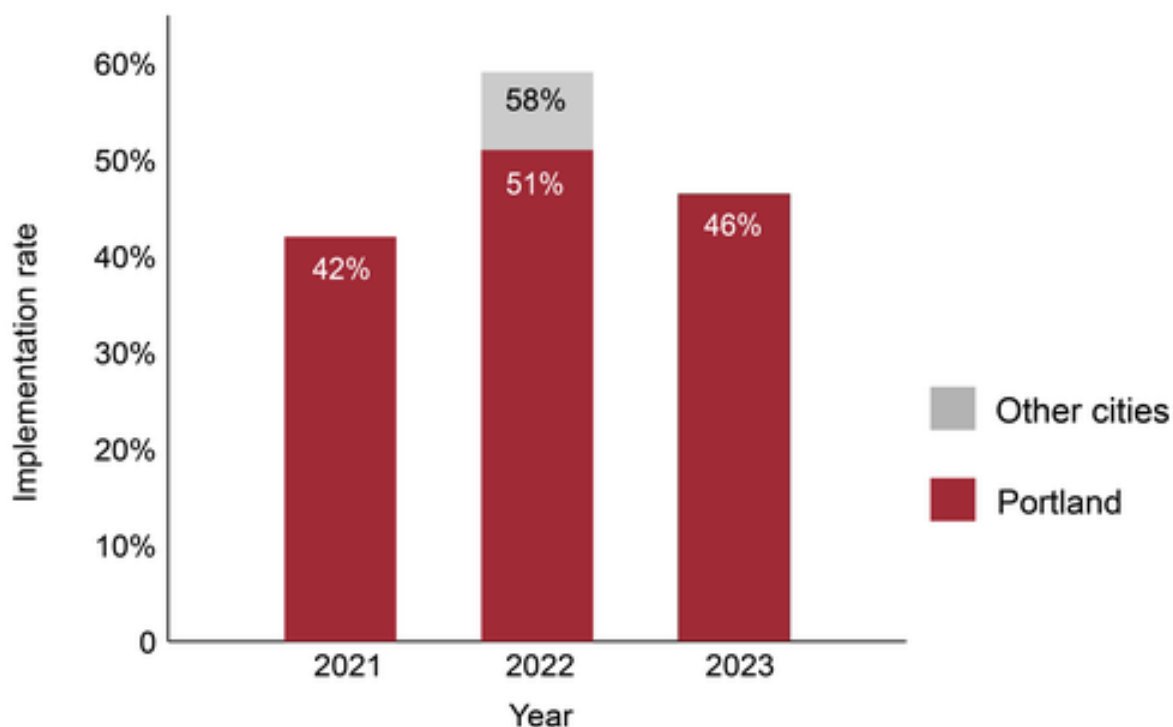
46%

Source: Audit Services' analysis of recommendation status for 2023 based on evidence provided by the City from January to April 2024.

In past monitoring reports under the Commission form of government, we organized recommendations by bureau or commissioner in charge. We are now reporting a Citywide implementation rate to mirror a more unified accountability structure. In the new form of government, the mayor and city administrator are responsible for working together to lead the City's day-to-day operations.

Portland has room to improve compared to other cities. The Association of Local Government Auditors issues periodic benchmarking reports based on survey responses from audit organizations. The most recent report shows a 58 percent implementation rate among the 32 cities that responded in 2022.

Figure 2. Portland's recommendation implementation rate has room to improve compared to other cities'



Source: Audit Services' analysis of recommendation status for 2021 to 2023 based on evidence provided by the City, and the Association of Local Government Auditors' 2022 survey data

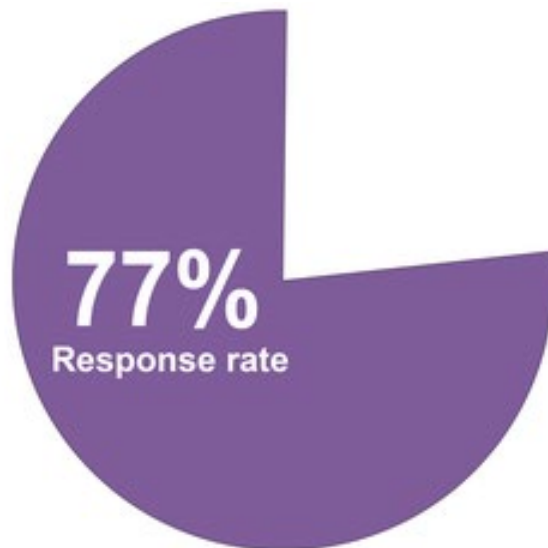
The implementation rate was lower in 2023 (46 percent) than in 2022 (51 percent), but remains higher

than in 2021 (42 percent). Generally, we see more recommendations implemented from audits exiting than entering our five-year monitoring period. The City has had more time to implement recommendations from older audits compared to recent ones. For example, the three audits that aged out had an implementation rate of 88 percent in 2022 compared to the eight incoming audits that had a rate of 26 percent in 2023.

City leadership's participation in our recommendation monitoring process is critical for complete and timely reporting. Each year, we invite City Council and management to provide updated information on recommendations issued in the last five years that are not yet implemented. We use this information, including supporting evidence, to determine the status of a recommendation.

The response rate from the City was 77 percent this year, compared to 58 percent last year. Our results reflect information provided to us between January 2024 through April 2024. We appreciate the increased level of engagement by the City and hope to see this continue in the future. A 100 percent response rate would ensure that our reporting to Portlanders accurately reflects the City's actions taken or not taken each year.

Figure 3. City responded with status updates for most audits



Source: Audit Services' analysis of response rate for audits with outstanding recommendations in 2023 based on evidence provided by the City from January to April 2024.

Portlanders need bold leadership in key areas with a focus on coordination

Implementing recommendations can be difficult, and we see some management obstacles amplified during this time of unprecedented change to City government. As part of our monitoring process, we reviewed the barriers to implementing recommendations that were described to us by City leadership and summarized them for ease of use. We offer six areas requiring attention to better position the City for success: Authority, Coordination, Decisions, Outcomes, Prioritization, and Reporting. We also

include an illustrative example from audits with recommendations not yet implemented. Portlanders need bold leadership in these areas if the City is to improve service delivery and equitable outcomes.

Authority: Clear ownership for change, especially when working with Council, across the City, with other jurisdictions or community partners.

Our [April 2021](#) audit of City credit cards made recommendations about the appropriate authority to enforce rules governing their use. We reported in [August 2023](#) that the City adopted a new manual and enforced rules it previously had not. This year, we learned that the Bureau of Revenue and Financial Services temporarily suspended enforcement activities, effective December 2023, to review roles and responsibilities as well as clarify allowable and prohibited uses in a more user-friendly manual anticipated in July 2024. As we noted in the original audit, if the City is to stop prohibited purchases, it needs to develop a manual that is accurate and understood, and exercise enforcement using clear roles and responsibilities.

Coordination: Active management of internal dependencies most susceptible to delay or inconsistency.

Our [September 2021](#) audit of Sewer Maintenance looked at the decades-old partnership between two large City bureaus – Environmental Services and Transportation – that has had mixed results and comes with inefficiencies that cost ratepayers. We reported in [June 2023](#) that the Bureaus had taken initial steps but were waiting to re-evaluate the advantages and benefits of their agreement because of the transition to a unified Public Works service area. The status of these recommendations remained unchanged this year despite our opinion that, instead of waiting, the Bureaus should use the evaluation to inform the new organizational structure.

Decisions: Action informed by best available information, particularly reliable data.

Our [October 2019](#) audit of Police overtime identified common-sense policies and procedures that had fallen by the wayside or were never used in the first place. Our [November 2021](#) report noted improved overtime data collection, oversight, and reporting. However, other important decisions remain, such as limiting the number of overtime hours an officer could work, identifying which supervisors authorized overtime, and tracking whether training attendance that caused overtime was discretionary. Those decisions would improve management of overtime, which is costly and poses safety risks to officers and community members.

Outcomes: Strategies that align activities with results for Portlanders.

Our [March 2022](#) audit found the Portland Clean Energy Fund needed to take additional steps to implement the voter-approved program, including establishing how it measures, tracks, and reports performance as required by the legislation. We reported in [July 2023](#) that the Fund adopted a plan that connects its investment strategies to the City's climate action goals. While the Fund is continuing to collect performance information, it has yet to launch a digital dashboard about investments and outcomes. Having that reporting system in place will demonstrate the program's accountability to City Council and the public.

Prioritization: Direction that reflects realistic commitments given available resources.

Environmental Services has unaddressed recommendations from our 2018 audits of [private stormwater management](#) as well as [restoration projects and green streets](#). The Bureau reported it underwent substantial organizational changes in 2020 and, as a result, has prioritized more urgent financial, operational and capital challenges that no longer align with the focus of our 2018 audits.

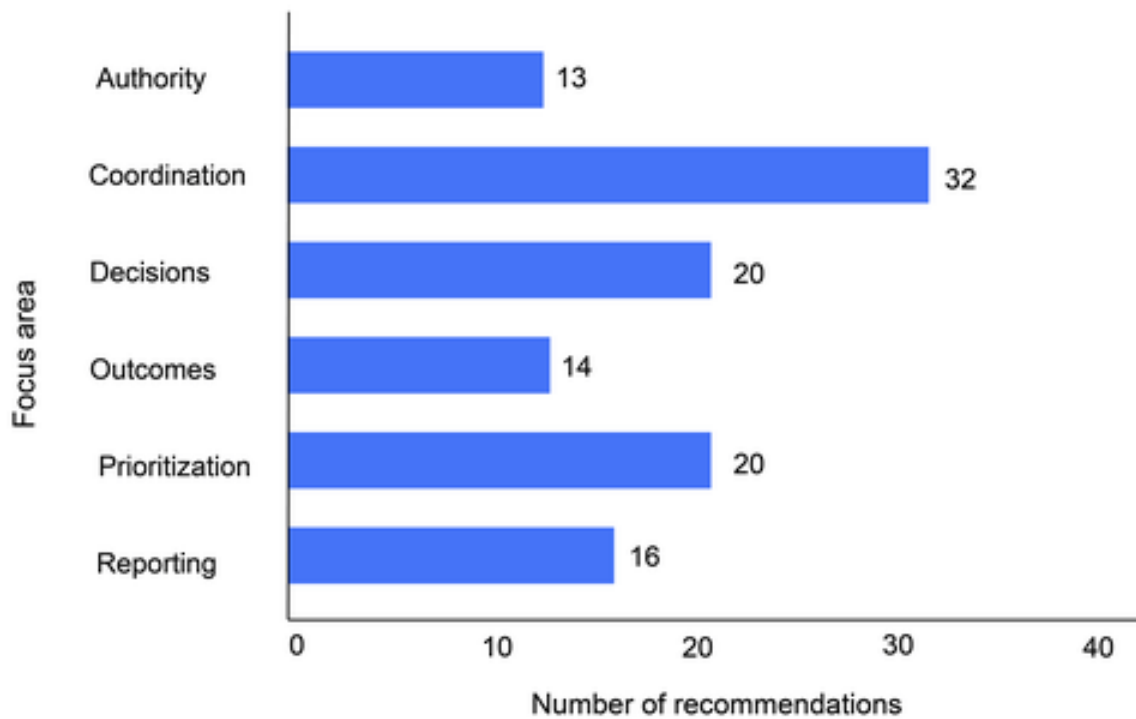
Reporting: Transparent and human-centered information for Portlanders.

Our [December 2019](#) audit of City Council's accountability measures for taxes and bonds related to the arts, cannabis, affordable housing, and street repair found those protections fell short of what was promised to voters. Improvements had not been publicly reported at the time of our [March 2022](#) follow-up. Since then, we have not received any updates about unaddressed audit recommendations, despite the City's referral – and voters' approval – of a gas tax renewal in May 2024. Consistent and thorough implementation of these recommendations will help the current and future City Council show Portlanders that their City government is responsive and reliable.

There may be multiple types of barriers to implementing an individual recommendation, such as a recommendation needing attention on both Outcomes and Reporting. To draw clearer conclusions for City leadership, we sorted outstanding recommendations by the primary obstacle affecting their implementation.

Among the recommendations yet to be implemented, Coordination within the City was the most prevalent obstacle facing City leadership. While challenging, this focus area is the most within City leadership's control and particularly timely given the more unified accountability structure in the new form of government.

Figure 4. Coordination within the City is most needed to implement outstanding recommendations

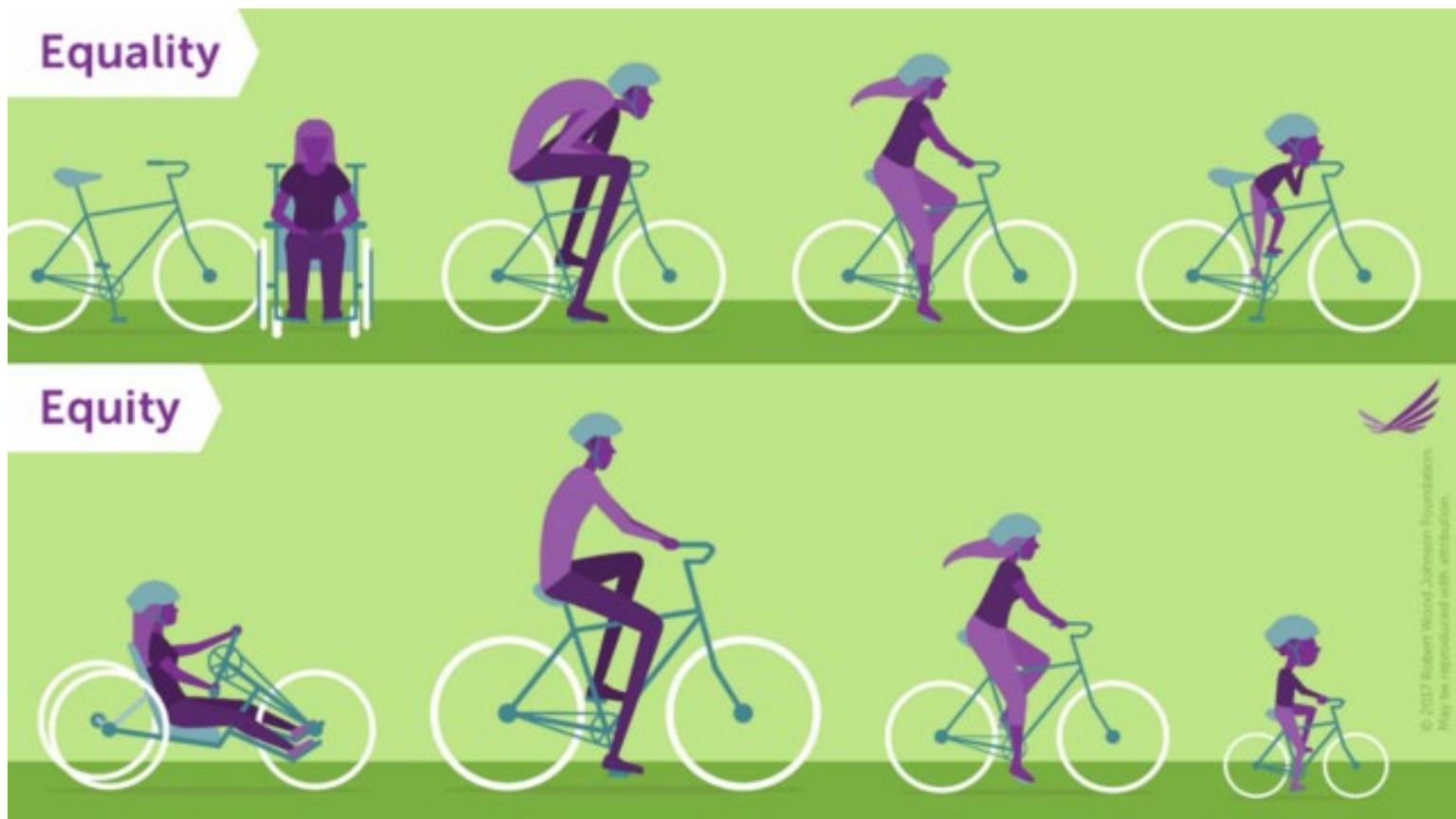


Source: Audit Services' analysis of implementation obstacles for recommendations not yet implemented for 2023 based on evidence provided by the City from January to April 2024.

Our audits highlight ways to achieve equity in City government

In our profession, equity is among the ways we assess whether government best serves the collective interests of the public. The U.S. Government Accountability Office considers a public program or activity “equitable” when it consistently serves members of the public, distributes public services, and implements public policy in a manner that promotes fairness, justice, and equality. Equality is the measure of the actions we take. In contrast, equity is when all parties experience the same outcomes.

Figure 5. Equality is when everyone gets the same while equity is when everyone gets what they need



Source: Reproduced with permission of the Robert Wood Johnson Foundation, Princeton, N.J.

The City has made a variety of equity commitments over the past decade. The City describes equitable outcomes as conditions of well-being for Portlanders. These conditions include the elimination or reduction of disparities in services, resources, or access. We use these commitments as criteria in our audits to determine whether the City is improving the lives of Portlanders as intended.

We are also committed to advancing equity in our audit work. We demonstrate our commitment by:

- Selecting audit topics that are relevant to Portlanders;
- Planning audits that assess disproportionate impacts; and
- Publishing reports that include the perspectives of the people most impacted by City services.

We continue to cultivate the knowledge, skills, and abilities we need to effectively empower systemically excluded communities about the overall audit process or on specific audit projects. For example, as part of our annual audit schedule, we have hosted focus groups with community members and leaders of community-based organizations to obtain feedback on potential audit topics. At a project-level, we partnered with Street Roots to interview people experiencing homelessness during our [audit of the Joint Office of Homeless Services](#).

Consistent with this commitment, our audits highlight how the City can improve the lives of the most vulnerable Portlanders. [Our professional association](#) identified a research-based framework for how to measure equity in an audit. That framework identifies four types of inequities – access, fairness, quality, and results – each with a related question prompt. Our findings and recommendations provide

illustrative examples of the inequities we uncover when applying that framework during our audit work.

Access: Is there equal opportunity to use and benefit from a service?

Our [December 2021](#) audit found that the City was not prepared to meet the needs of people with disabilities during the COVID-19 pandemic. This year, we learned Emergency Management is still working on these recommendations to ensure people with disabilities have access to the same opportunities and benefits available to people without disabilities. As we noted in our original audit, the City put lives at risk and exposed itself to lawsuits by not being adequately prepared for emergencies.

Fairness: Are the procedures fair for everyone?

Our [February 2022](#) audit found the City's decentralized way of collecting taxes, fines, and fees may cause harm, especially to Portlanders who experience institutional language barriers. Our [April 2023](#) audit update showed no action was taken by the Office of Management and Finance to address our recommendations. The Office stated that any Citywide standards should be developed during or after the transition to a unified form of government. In the absence of any change, the City's patchwork approach to collections will continue to put some Portlanders at increased risk of burdensome debt.

Quality: Do some groups experience different levels of service quality?

Our [March 2021](#) audit described the City's building permit review process as frustratingly slow. Customers with resources and connections could navigate the City's problematic system better than novices. While consolidation and other consequential decisions have occurred since the original audit, we learned during our [October 2023](#) update that the permitting timelines have not been reduced and the City is still working on all of our recommendations.

Results: Are there unintended results for different people?

Our [February 2020](#) audit found that the City's urban renewal investments by Prosper Portland and the Housing Bureau had mixed results in the Lents urban renewal area. At the time of our audit, the percentages of people of color, immigrants, and those with lower incomes were higher in Lents than citywide. This year, we learned Prosper Portland has yet to publicly report its economic results for Lents. As we noted in the original audit, in the absence of this evaluation the City is unable to make mid-course adjustments to ensure Lents was ultimately better off than before the City made its financial investments.

Engage with our Office to hold the City accountable

As auditors, it is our responsibility to make constructive recommendations and track whether the intended results were achieved. Responsibility for improving operations rests with City leadership. Our audits assess City government's performance, so the prompt resolution to our audit findings helps the City achieve desired results. City Code requires City leadership to specify plans for corrective action and a timetable to complete these activities. This response is a critical part of the audit process.

We invite Portlanders to leverage our work as you hold City leaders accountable to best serving you. Our audits provide independent checks on City systems. Likewise, our fraud hotline investigates tips of fraud, waste and abuse related to City employees or programs. Both are strengthened by your input. We are developing skills and partnerships to make our work more timely, accurate, and relevant.

Below are some ways to interact with us and City leadership about what we do:

- Read our [audit reports by year and topic](#)
- View details by service area, bureau, and audit in our [Recommendation Status Dashboard](#)
- See the [list of topics under review](#)
- [Invite us to attend](#) a community event
- Share your [ideas, questions or concerns](#) with us
- Suggest an [audit topic](#) to us
- Send us a tip about [fraud, waste or abuse](#)
- Learn more about [City Organization](#) and staffing
- Communicate with [City Council](#)

Together, we have the power to shape a better Portland where everyone can thrive.

How we did our work

What data are included?

Recommendation monitoring is an ongoing responsibility. We request information from the City each year. This report includes recommendations from performance audits our Office has published from fiscal years 2018-2023. We receive responses from the responsible City service area, bureau, or office. Our team then determines whether there is enough evidence to support a status change. We take this opportunity to describe relevant updates even if the status remains the same. Those details can be viewed in our [Recommendation Status Dashboard](#).

This report does not include recommendations made to Archives & Records Management, a division of the Office, because the City Auditor is not independent from implementation decisions. We do include those recommendations in our [Recommendation Status Dashboard](#).

What are the limitations?

Information about the status of recommendations was provided to us by City leadership between January 2024 through April 2024. We do not always receive responses to our yearly request for updates. And, we do not request updates on recommendations from audits that are less than a year old. We do not request an update for “Implemented” recommendations unless a change to the status comes to our attention. We are revisiting our approach to “Implemented” recommendations given the magnitude of changes Portland is making.

How did we select which recommendations to highlight?

We flagged outstanding recommendations that:

- have an elevated risk,
- have direct equity impacts,
- are relevant to the City’s transition to a new form of government, or
- are aging out of our five-year review period.

Then, we summarized what was described to us by City leadership into six focus areas. We analyzed that information and grouped flagged recommendations by service area on summary pages, which are forthcoming.

Project Team

Tenzin Gonta, Audit Services Deputy Director

Elizabeth Martinez, Senior Performance Auditor

Jessica Lange, Performance Auditor



**Portland
City Auditor**
Audit Services

Contact

KC Jones

Audit Services Director

email kenneth.c.jones@portlandoregon.gov

phone number [503-823-3544](tel:503-823-3544)

Audit Services Division

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