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192014

Emergency Ordinance

***Approve Plan of Action to correct finding by outside auditor of a material weakness in the FY 2023-24 Annual Comprehensive Financial Report**

Passed

The City of Portland ordains.

Section 1. The Council finds:

1. Moss Adams has been contracted by the City to audit the City's financial records for FY 2023-24.
2. The Moss Adams audit found a material weakness in the Bureau of Transportation's construction in progress, as reflected in the Report of Independent Auditors that accompanies the City's Annual Comprehensive Financial Report.
3. The audit finding determined the Bureau of Transportation failed to close completed multiple capital projects and transfer those projects to fixed assets for multiple years.
4. The material weakness required an accounting transaction reclassing \$262 million of capital projects to fixed assets.
5. The correcting transaction also required expensing \$12 million of missed depreciation expense.
6. When a material weakness is reported by the City's financial auditor, the Oregon Secretary of State requires the City to file a corrective Plan of Action.
7. The Plan of Action must be approved by the City Council, as the governing body, and be filed with the Oregon Secretary of State within 30 days of filing the Annual Comprehensive Financial Report.
8. The Annual Comprehensive Financial Report is expected to be filed by the City no later than December 31, 2024.

NOW, THEREFORE, the Council directs:

- A. The Plan of Action in Exhibit A is adopted.

Section 2. The Council declares that an emergency exists because the Plan of Action must be filed within the Oregon Secretary of State's Office within 30 days of the FY 2024 Annual Comprehensive Financial Report in accordance with the requirements of ORS 297.466(2); therefore, this Ordinance shall be in full force and effect after its passage by the Council.

Introduced by

[Mayor Ted Wheeler](#)

City department

[Accounting](#)

Contact

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Accounting Supervisor

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

December 18, 2024

Requested Start Time

9:45 am

Time Requested

30 minutes (3 of 3)

Exhibits and Attachments

 [Exhibit A](#) 154.46 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
December 18, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This ordinance meets the Secretary of State’s requirement of filing a Plan of Action when a material weakness is found during the annual audit.

Financial and Budgetary Impacts

Total cost to the City includes hiring two capital asset accountant positions for an annual cost of \$235,060.

Economic and Real Estate Development Impacts

Not applicable.

Community Impacts and Community Involvement

Not applicable.

100% Renewable Goal

Not applicable.

Document History

Agenda	Council action
December 18, 2024 Time Certain <div>City Council</div>	Passed Aye (5): Mingus Mapps, Carmen Rubio, Dan Ryan, Rene Gonzalez, Ted Wheeler