

Attachment to Council Agenda Item _____

Wednesday, February 12, 1986

(The Council agenda item is a resolution proposing a Charter amendment to revise the City Auditor's duties. The accompanying pages would be a "companion" measure.)

Explanation:

Attached is a draft of an Ordinance to be filed after the May 20 election, assuming that the Charter amendment being proposed is approved by both Council and the voters. The purpose of the Ordinance would be to clarify the specifics of how the internal audit function would be conducted, and to include those details in the City Code. The draft is based on model legislation prepared by the Local Government Auditors Group of the National Intergovernmental Audit Forum. Before we file the Ordinance in June, we will ask Council members and the City Attorney to review and comment on the draft.

J. Lansing

DRAFT
2/5/86 JL/cr

AN ORDINANCE amending Title 3, Administration, by adding a new Chapter, 3.05, entitled "City Auditor's Internal Audit Function," setting forth the specifics under which the Internal Audit Division of the City Auditor's Office shall function.

The City of Portland ordains:

Section 1. The Council finds:

1. Accountability is inherent in the governing process of this nation. Officials and employees who manage public programs are obligated to justify to the public their methods and purposes in appropriating, applying, and using public resources.
2. Public officials, government managers, and private citizens want and need to know not only whether government funds are handled properly and in compliance with laws and regulations, but also whether public programs are achieving the purposes for which they were authorized and funded, and, whether they are doing so efficiently and economically.
3. An independent internal auditing function can provide objective information on the operations of government programs, assist managers in carrying out their responsibilities, and help ensure full accountability to the public.
4. An effective internal auditing function requires that audit results be accepted and used by public officials. Acceptance requires that the audit function be understood and recognized as valid, and that it be established on a firm foundation of professional competence.
5. Standards for the conduct and practice of governmental auditing have been developed by the Comptroller General of the United States in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.
6. The internal audit function in the City of Portland, approved by the voters through Charter amendment on May 20, 1986, should adhere to these standards in order to ensure that public officials and employees understand the role and function of internal auditing, to lend consistency and credibility to ongoing audit work, and to provide a basis for monitoring and evaluating the work of audit staff.

NOW, THEREFORE, the Council directs:

- a. The Council hereby establishes a new Chapter in Title 3, Administration, of the Code of the City of Portland, adding a new Chapter to be numbered, titled and read as follows.

Chapter 3.05

CITY AUDITOR'S INTERNAL AUDIT FUNCTION

Sections:

- 3.05.010 Independence.
- 3.05.020 Scope of Audits.
- 3.05.030 Annual Audit Plan.
- 3.05.035 Special Audits.
- 3.05.040 Access to Records and Property.
- 3.05.050 Bureau Response.
- 3.05.060 Audit Reports.
- 3.05.065 Report of Irregularities.
- 3.05.070 Contract Auditors, Consultants and Experts.
- 3.05.080 Peer Review.

3.05.010 Independence.

- A. An Internal Audit Division is hereby created within the City Auditor's Office, answerable directly to the City Auditor in accordance with City Charter Sections 2-505, 2-511 and 7-106.
- B. The Internal Audit Division will adhere to generally accepted government auditing standards in conducting its work and will be considered independent as defined by those standards.
- C. If the Internal Audit Division conducts an audit of an activity for which the City Auditor is or was responsible, the audit scope will state that the internal auditors are not organizationally independent with regard to the entity being audited.

3.05.020 Scope of Audits.

- A. The Auditor shall conduct expanded scope audits of all bureaus, offices, boards, activities, functions and agencies of the City of Portland to independently determine whether:
 - 1. Activities and programs being implemented have been authorized by City Charter or Code, state law or applicable federal law or regulations;
 - 2. Activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by City Charter or Code, state law or applicable federal law or regulations;
 - 3. The activities or programs efficiently and effectively serve the purpose intended by City Charter, Code, state law or applicable federal law or regulations;

4. Activities and programs are being conducted and funds expended in compliance with applicable laws;
 5. Revenues are being properly collected, deposited and accounted for;
 6. Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in a faithful, effective and efficient manner;
 7. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities and that is necessary to establish a proper basis for evaluating the programs and activities;
 8. There are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; or
 9. There are indications of fraud, abuse or illegal acts which need further investigation.
- B. Audits shall be conducted in accordance with generally accepted government auditing standards applicable to financial and performance audits.

3.05.030 Annual Audit Plan.

- A. By the beginning of each fiscal year, the Auditor shall submit an annual audit plan to Council for review and comment. The plan shall include the bureaus, offices, boards, activities, functions and agencies scheduled for audit during the year. This plan may be amended during the year after review with Council members affected by the change. Additionally, the Auditor may spontaneously initiate and conduct any other audit deemed necessary to undertake.
- B. In the selection of audit areas, the determination of audit scope and the timing of audit work, the Auditor should consult with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be properly coordinated.

3.05.035 Special Audits.

- A. Council members may request that the Auditor perform special audits that are not included in the annual audit plan. After consultation with Council members whose work would need to be postponed, special audits may become amendments to the annual audit plan.
- B. Special audit reports will be handled the same as regular audit reports, except that in personnel matters of a confidential nature, reporting of results may be limited to the Commissioner in Charge and the Mayor.

3.05.040 Access to Records and Property.

All officers and employees of the City of Portland shall furnish the Auditor with requested information and records within their custody regarding powers, duties, activities, organization, property, financial transactions and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Auditor to inspect all property, equipment and facilities within their custody. If such officers or employees fail to produce the aforementioned information, then the Auditor, subject to Council approval, may, without fee, cause a search to be made and exhibits to be taken from any book, paper or record of any such official or employee, excepting personal information, and every office having the custody of such records shall make a search and forward such requested exhibits to the Auditor.

3.05.050 Bureau Response.

A final draft of each audit report will be forwarded to the audited bureau and the Commissioner in Charge for review and comment before it is released. The bureau must respond in writing specifying agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to identified problems and a time table to complete such activities. The response must be forwarded to the Auditor within the time frame specified by the Auditor. The Auditor will include the full text of bureau and Commissioner responses in the report.

3.05.060 Audit Reports.

- A. Each audit will result in a written report.
- B. The Auditor will submit each audit report to the Council and will retain a copy in his/her office as a permanent record.
- C. If appropriate, the audit report shall contain the professional opinion of the Auditor or the contract auditor concerning the financial statements issued by the bureau, board or agency or if the audit is an expanded scope audit, the report will contain the professional conclusions of the audit regarding the management activities audited.
- D. The Auditor shall include in the audit reports:
 - 1. A precise statement of the scope encompassed by the audit;
 - 2. A statement that the audit was performed in accordance with generally accepted government auditing standards;
 - 3. A statement that an examination for compliance with applicable laws, policies and regulations was conducted and presentation of the findings associated with that examination;

4. A statement of the significant audit findings, including a statement of the underlying cause, evaluative criteria used and the current and prospective significance of the findings;
5. A statement that internal control systems were examined and a report of any material weaknesses found in the internal control systems;
6. Statements of response submitted by the audited bureau, board or agency relevant to the audit findings;
7. A concise statement of the corrective actions previously taken or contemplated as a result of the audit findings and a time table for their accomplishment;
8. Recommendations for additional necessary or desirable action.

3.05.065 Report of Irregularities.

If the Auditor detects apparent violations of law or apparent instances of malfeasance or nonfeasance by an officer or employee or information that indicates derelictions may be reasonably anticipated, the Auditor shall report the irregularities to the Commissioner in Charge and the Mayor. If the irregularity is criminal in nature, the Auditor shall immediately notify the City Attorney and the District Attorney in addition to those previously cited.

3.05.070 Contract Auditors, Consultants, and Experts.

Within budget limitations, the Auditor may obtain the services of certified public accountants, qualified management consultants, or other professional experts necessary to perform the Auditor's duties. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the governmental unit or its officers. The Auditor will coordinate and monitor auditing performed by public accounting or other organizations employed under contract by the City of Portland to assist with audit related activities.

In choosing the outside independent auditors to conduct the City's annual financial statement audit, the Auditor will convene a committee of at least three City bureau managers, including the Auditor, to prepare a request for proposal and to screen applicants. The Auditor's selection of a certified public accounting firm for the annual financial audit must be approved by Council. Normally, this contract will be for a three year period.

3.05.080 Peer Review.

The Internal Audit activities of the City Auditor's Office shall be subject to peer review at least once every four years by a professional, non-partisan objective group utilizing guidelines endorsed by the National Intergovernmental Audit Forum, the State Auditor's Association, or the U.S. General Accounting Office. A copy of the written report of this independent review shall be furnished to each member of the City Council.

The peer review will evaluate compliance with generally accepted governmental auditing standards and the quality of audit effort and reporting. Specific peer review areas shall include staff qualifications, adequacy of planning and supervision, sufficiency of workpaper preparation and evidence, and the adequacy of systems for reviewing internal controls, fraud and abuse, program compliance, and automated systems. The peer review will also assess the form, distribution, timeliness, content, and presentation of internal audit reports. The City shall reimburse travel and living expenses for the peer review team from funds budgeted in the City Auditor's budget. It is anticipated that three professional government auditors will be able to complete the review within one week.

Prepared by:
Jewel Lansing and Dick Tracy
February 5, 1986

AN ACT

An Act to amend an Act of the Legislative Assembly of the State of Oregon entitled: 'An Act to incorporate the City of Portland, Multnomah County, State of Oregon, and to provide a charter therefor, and to repeal all Acts or parts of Acts in conflict therewith,' approved by the Governor and filed in the office of the Secretary of State, January 23, 1903, as subsequently amended by said Legislative Assembly and by the people of the City of Portland from time to time, by revising the duties, responsibilities, authority and service requirements of the Auditor.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF PORTLAND, OREGON

Section 1. The Act of the Legislative Assembly of the State of Oregon entitled: "An Act to incorporate the City of Portland, Multnomah County, State of Oregon, and to provide a charter therefor, and to repeal all acts or parts of acts in conflict therewith," approved by the Governor and filed in the office of the Secretary of State January 23, 1903, as subsequently amended by said Legislative Assembly and by the people of the City of Portland from time to time hereby is amended by amending Sections 1-106, 1-107, 2-501, 2-505, 2-506, 2-508, 2-511, 2-607, 2-801, 4-118, 5-105, 7-106, 7-109, 10-104, 10-106, 10-107, 10-212, 10-214 and 15-104, to read as follows:

Section 1-106. Damage Claims, Insurance. Notice of and claims for damages arising out of the alleged torts of the City and those of its officers, employees and agents acting within the scope of their employment or duties, must be presented to the City Attorney within the time prescribed by law. The Council shall establish a Loss Reserve Fund and shall annually budget an amount sufficient to maintain such Fund on an actuarially sound basis. The monies in such Fund may be invested and reinvested in the like manner with other City funds and the earnings from such investment and reinvestment shall be credited to the Fund. Payments may be made from the Loss Reserve Fund to pay claims against the City, its officers, employees and agents, procure insurance against such liability, and pay costs related to the payment of claims including but not limited to payment of investigative, legal and administrative expenses. In the event the Council shall deem it advantageous to procure insurance against claims, the existence of insurance shall be considered in determining the funding necessary to maintain the Loss Reserve Fund on an actuarially sound basis. The

Commissioner In Charge may negotiate, compromise and settle any claims and may authorize the payment of any claim in an amount not to exceed five thousand dollars (\$5,000). Payment exceeding five thousand dollars (\$5,000) for any claim must be authorized by an ordinance.

Section 1-107. Certain Fair and Moral Obligations May Be Paid. To the end that the Council may provide for paying claims which it finds to be fair and moral obligations of the City but limited to claims that are barred by Charter exemption or by reason of governmental immunity or that are asserted by employees for the replacement of personal property damaged in the course of performing their employment duties, it may in its discretion, direct payment or settlement, provided that an affidavit for the claimant or person representing the claimant and having knowledge of the facts is filed with the City Attorney within thirty (30) days after the event which caused the claim (unless the Council, upon proof of a good excuse, permits later filing) showing therein the name, age, and address of the claimant, the time and facts which give rise to the claim, the persons present, if any, able to substantiate the facts and circumstances, the name of the City officer or employee first contacted with reference to the claim, the name and address of the physician and/or surgeon who attended the claimant if the claim be based on personal injury treated by a physician or surgeon, a description of the injuries if personal injury was sustained, a particular statement of the damage, if real and/or personal property was damaged, the places of residence and address of the claimant during three (3) years preceding the claim, a detail of the expense constituting the claim, in so far as expense shall have been and/or probably will be incurred, and such other data as will give the City an opportunity to readily ascertain the facts, extent of injury, cost resulting therefrom and the integrity of the claimant. When insurance (covering the claimant, the City or the City employee involved) applies, the claim shall not be allowed as to any portion covered by the insurance. No claim shall be allowed the enforcement of which would be barred by the statute of limitations, and no payment shall be made unless the claimant accepts the amounts allowed as in full compromise and settlement of all amounts claimed or to be claimed against the City, its officers or employees arising from the same facts. In the event that no settlement is made, nothing herein contained or done hereunder shall prejudice the City in any defense that it may have in any suit or action. Nothing contained herein shall be construed as giving any right to institute or maintain any suit or action which would not otherwise exist.

Section 1-201. Boundaries. All property surrounded by the corporate limits of the City of Portland as described and officially filed from time to time as set forth in this Section is hereby embraced within the City of Portland. Within ten (10) days after this amendment becomes effective and the official canvass of votes is completed and results of election on this amendment are proclaimed, the Council shall adopt a resolution describing such boundaries. Certified copies of such resolution shall be filed with the Secretary of State and the librarian of the Supreme Court of the State of Oregon, with the County Commission or county court of each county in which a portion of the City is located, and with the Clerk, Assessor, Surveyor, Engineer, Elections Officer, and Tax Supervising and Conservation Commission, if any, of each such county, and such other official as may be required by statute.

Section 2-501. Qualifications. There shall be an Auditor of the City of Portland who shall possess the same qualifications required of a Commissioner, and in addition, shall at the time of filing a declaration of candidacy, or a nominating petition for the office of Auditor be a Certified Public Accountant and remain certified as such throughout the term of office, if elected. The Auditor shall be elected at the general municipal election and shall serve for a term of four (4) years. If an Auditor shall be elected without such qualifications or shall cease to have the same, the office shall immediately become vacant. The Auditor shall not run for election to any other City office during his or her term. The act of filing for another City office will be the same as a resignation, which shall be effective as of the date of such filing.

Section 2-505. Duties in General. The Auditor shall receive and preserve in his or her office all accounts, books, vouchers, documents and papers filed with him or her relating to the accounts and contracts of the City. The City officer responsible for accounting shall give information as to the exact condition of the treasury and of every appropriation and fund thereof under control of the Council, upon demand of the Mayor, or the Council, or any Commissioner, or the Auditor. The Auditor shall be the custodian of the City's seal. The City officer responsible for accounting shall keep the records and accounts of the City in a complete and intelligible manner, but may keep a summary of departmental or bureau records and accounts where he or she finds such summary to be sufficient. He or she shall make an annual statement to the Council showing the receipts and disbursements of the City and the state of each

particular fund and the City's financial condition as soon as records are complete after the close of business on the last day of each fiscal year. The annual report shall contain an accurate statement in summarized form of the financial receipts of the City from all sources and of the expenditures of the City for all purposes, together with a detailed statement of the debt of said City, of the purposes for which said debt has been incurred, and of the accounts of said City with grantees of franchises and the names of the present owners of each thereof, and a summary of the assets and liabilities of the City. The Auditor shall conduct ongoing broad-scope internal audits of City government in accordance with generally accepted governmental auditing standards, and shall coordinate and monitor the annual audit of the City's financial statements by external independent auditors. He or she shall make the final determination of acceptability and legitimacy of all claims for payment made against the City. The Auditor shall serve as the City Recorder and, as such, shall also be the Clerk of the Council, Public Records Administrator and City Elections Officer, and shall keep the original or a conformed copy of all City contracts. Council shall provide staffing and facilities for the Auditor to carry out the above duties.

Section 2-506. Accounts and Demands. The City officer responsible for accounting shall keep an account of all moneys paid into and out of the treasury. Every demand upon the City for payment of money out of the treasury, except the salary of the Auditor, must, before it can be paid, be presented to the Auditor, who shall audit such demand to satisfy himself or herself whether the money is legally due and payable, and out of what fund it is payable. No demand shall be approved or paid unless it specify each several item, date and amount composing it, and have endorsed thereon the legal authority for its payment. However, the provisions of this paragraph shall not apply to demands for payment out of funds from which any officers, boards or Commissioners are empowered by this Charter or other law to require payment without Council authorization, nor to requisitions, checks or warrants thereon. Any ordinance or resolution of the City Council providing for the payment of any demand out of the treasury, whether from public funds or private funds therein, shall always be construed as requiring the auditing of such demand by the Auditor before the same is paid. The Auditor shall keep an official record of all demands audited by the Auditor showing the number, date, amount, name of the payee and against what appropriation, if any, drawn and out of what fund payable. The Auditor shall not allow any demand out of its order to give priority to one

demand over another drawn upon the same specific fund, except that when liability for any claim presented is not sufficiently apparent to the Auditor, he or she may delay the payment thereof until such liability shall be determined.

Section 2-508. Warrants. When payment of a demand has been authorized by the Council and approved as provided in this article, the Mayor and Auditor shall draw warrants on the treasurer therefor. Such warrants must be signed by the Mayor and attested by the Auditor; but no warrants, except such as are issued upon funds created by special assessments, or warrants issued in settlement of judgments of the courts, shall be drawn signed by the Mayor or attested by the Auditor until the money for the payment thereof is in the hands or under the control of the City Treasurer. Check-warrants countersigned by the Treasurer, checks signed by the Treasurer, or other method of payment authorized by law may be used in lieu of warrants. Such check-warrants or checks shall be drawn upon a bank in which the Treasurer has deposited money for such purpose. The City officer responsible for accounting shall keep a register of warrants, check-warrants and checks, showing the funds upon which they are drawn, the numbers, in whose favor, and the appropriations, if any, applicable to the payment thereof.

Section 2-511. Audit Report Responses and Availability to Public. City bureau managers shall respond, through the Commissioner-in-charge, to the Auditor, in writing, within the time frame specified by the Auditor, to audit recommendations made by both the City's external and internal auditors. All audit reports and responses shall be made available to the public. The Auditor shall retain workpaper files concerning all internal audit reports issued for at least six years.

Section 2-607. Appointments. All appointments of officers, deputies and clerks, to be made under any provision of this Charter, must be made in writing and authenticated by the person or persons, board or officer, making the same. Any such writing must be filed with the Secretary of the Civil Service Board.

Section 2-801. Official Books and Papers. The official books and papers of all the officers mentioned in this Charter are City property, and must be kept as such by such officers during their continuance in office, and then delivered to their successors; and such books and papers may be inspected at any time by any member of the Council or by the Mayor. The Auditor shall have access to all information and records required to conduct an audit or otherwise perform audit duties.

Section 2-803. Ownership, Records. The City officers responsible for property management shall keep a record of all property owned by the City and the income derived therefrom.

Section 4-118. Roster and Payroll. It shall be the duty of said Civil Service Board to prepare, continue, and keep in their office a complete roster of all persons in the Classified Civil Service of the City. This roster shall be open for inspection at all reasonable hours. It shall show in reference to each of said persons the name, the date of appointment to or employment in such service, the compensation, the title of the place or office held, the nature of the duties thereof and the date of any termination of such service. It shall be the duty of all officers and employees of the City to give the Board all the information which may be reasonably requested, or which the regulations established by the Board may require, in aid of the preparation or continuance of said roster, and, so far as practicable, it shall indicate whether any and what persons are holding any and what offices or places aforesaid in violation of this Article or of any regulations made thereunder. Said Civil Service Board shall have access to all public records and papers, the examination of which will aid in the discharge of their duties in connection with said roster. It shall be the duty of said Board to certify to the City officer responsible for accounting the name of each person appointed or employed in the Classified Civil Service stating in each case the title or character of the office or employment, the date of the commencement of service by virtue thereof, and the salary or other compensation paid, and, also, as far as practicable, the name of each person employed in violation of this act or of the regulations established thereunder, and to certify to the City officer responsible for accounting in like manner every change occurring in any office or employment of the Classified Civil Service forthwith on the occurrence of the change. No officer or employee of the City shall draw, sign, countersign, or issue any warrant or order for the payment of, or pay any salary or compensation to any person in the Classified Civil Service who is not certified by the Board to the City officer responsible for accounting as having been appointed or employed in pursuance of this Article and of the regulations in force thereunder. Any person entitled to be certified as aforesaid may maintain a proceeding by mandamus to compel the issuance of such certificate. Any sums paid contrary to the provisions of this Section may be recovered in an action in the name of the City from any officer or employee of the City paying the same, or from any officer signing, countersigning,

drawing or issuing or authorizing the drawing, signing, countersigning or issuing of any warrant or order for the payment thereof, and from the sureties on such officer's official bond. All money recovered in any such action must, when collected, after paying all the expenses of such action, be paid into the City treasury.

Section 5-105. Salary Deductions. It shall be the duty of the City officer responsible for accounting, in making out regular salary warrants, to deduct and withhold from the salary of each member the amount above provided during all the time such member may be in the employ of said Bureau of Fire or said Bureau of Police. It shall be the duty of the City officer responsible for accounting to draw a warrant for the total amount so withheld, payable to the Fund at the times regular salaries are paid.

Section 7-106. Independent Audits. At the close of each fiscal year the books and accounts and the financial affairs and transactions of the City shall be audited by an independent licensed public accountant or firm of such accountants appointed by the City Auditor with the approval of the Council. Such audits shall also be made for various departments, as provided in this Charter. The City Auditor may from time to time and as often as he or she shall deem necessary, have like audit made of the books and accounts, and the financial affairs and transactions of the City or any part of the City government.

Section 7-109. Limited Special Tax Levies. Special taxes for fixed amounts or limited terms, may be levied and collected at the same time and in the same manner as other tax levies, upon approval by a majority of the City electors voting thereon. Measures for such special tax levies shall be submitted to the electors in the form of separate acts at a general or special election as authorizations or directions to the City Council or other levying body, without provision for amendment to this Charter. Copies of such measures approved by the voting majority shall be kept by the City officer responsible for accounting in a separate Current Special Tax Levy Register, and shall be public records having the same effect as though included in this Charter by amendment. All such authorizations for special tax levies not fully used or which have not fully expired by their terms, which were included in the City Charter at the time of passage of this amendment or approved at the time of passage of this amendment, shall be continued in full force and effect regardless of deletion from the Charter and shall be included by the City officer responsible for accounting in

the Current Special Tax Levy Register. After the authority for a special tax levy has been fully used or has expired, it shall be removed from the current register and placed in a File of Completed Special Tax Levies. This Section shall not apply to authorizations to levy special taxes which by the provisions thereof, grant continuing authority from year to year without period limitations, notwithstanding stated maximum amounts or millage limits on the taxes which may be levied for any one year. Such authorizations shall continue as part of this Charter.

Section 7-201. Issuance of Bonds. No bonds, other than bonds for public improvements payable out of assessments upon the property benefited and sewer bonds if otherwise authorized, shall be issued unless authorized by Charter or statute or unless approved by vote of the people at a general or special election. After the effective date of this amendment, measures for such bond issues limited in time or total amount shall be submitted to the electors, in the form of separate acts, without provision of amendment of this Charter, as authorizations or directions to the City Council or a commission established under this Charter. Copies of such measures approved by the voting majority shall be kept in a separate Book of Bond Issue Authorizations, and shall be public records, having the same effect as though included in this Charter by amendment. All such bond authorizations not fully used or which have not fully expired by their terms, which were included in the City Charter at the time of passage of this amendment or are approved at the time of passage of this amendment shall be continued in full force and effect regardless of deletion from the Charter and shall be included in the Book of Bond Issue Authorizations. After the authority for a bond issue or serial issues has been fully used and all the bonds issued thereunder have been paid or matured, the copy of the measure or authorization shall be removed from the current book and placed in a file of Completed Bond Issue Authorizations. This Section shall not apply to authorizations to issue bonds or other evidences of indebtedness which, by the provisions thereof, grant continuing authority without a stated total which may be issued thereunder, notwithstanding stated debt limitations or maximum amounts which may be outstanding at any one time. Such authorizations shall continue as part of this Charter.

Section 10-104. Debt Limitation. No indebtedness shall be incurred for the acquisition of any public utility under the provisions of this Charter, which, together with the existing bonded indebtedness of the City, shall exceed at any one time seven percent of the assessed value of all real and

personal property in the City, but in estimating such bonded indebtedness, all bonds given for the acquisition or construction of public properties and utilities the interest on which bonds is paid out of the earnings of said public utilities or properties, shall be excluded; provided, that whenever and for so long as such utility or undertaking fails to produce a sufficient revenue to pay all costs of operation and administration (including interest on the City bonds issued therefor and the cost of insurance against loss by fire, accidents, and injuries to persons), and an annual amount sufficient to pay at or before maturity all bonds issued on account of said undertaking, all such bonds outstanding shall be included in determining the limitation of the City's power to incur indebtedness, unless the principal and interest thereof be payable exclusively from the receipts of such undertaking. The City officer responsible for accounting shall annually report to the Council, in detail, the amount of revenue from each such undertaking, and whether there is any, and if so, what, deficit in meeting the requirements above set forth.

Section 10-106. Investigations and Rate Fixing. The Council shall have the power to investigate from time to time, and whenever they shall deem that the public service, health or welfare require it, the affairs, business and property of any public utility within the City. For that purpose they shall have the right to compel the attendance of witnesses and the production of books, papers and records, and of entry in person or by authorized agent upon any premises or places of any person or corporation engaged in the operation of a public utility. They shall have the power to control, regulate and order such changes, improvements, extensions, additional facilities, appliances or equipment in or upon the plant and property of any person or corporation operating public utilities within the City as may be deemed necessary to promote the public interest, convenience or safety, and to protect its employees in the construction, maintenance or operation of any such public utilities.

Every charge, rate, fare or compensation made, charged or demanded by any person or corporation engaged in the operation of a public utility within the City of Portland for any service rendered or to be rendered shall be just, fair and reasonable. The Council shall have the power to hear and determine what are just, fair and reasonable rates, fares and charges and to fix and limit such rates, fares and charges and for that purpose may make valuations of the property of any person or corporation engaged in the operation of a public utility within the City. To that end they shall make

and enforce regulations providing that at the time of construction or acquisition of any plant or property rendering a public service and of any improvement or additions thereto the person or corporation having charge thereof shall record with the City officer responsible for accounting a description of all property which such person or corporation shall intend to present for such valuation and all later improvements when made, together with full information as to the cost thereof and vouchers supporting the same, to the end that a complete record of all property to be valued under this Section shall be at all times available.

Section 10-107. Quarterly Reports. Every person or corporation operating a public utility within the City rendering service to be paid for wholly or in part by the users of such service shall keep full and correct books and accounts and make stated quarterly reports in writing to the Council, verified by such person or an officer of the corporation, which shall contain an accurate statement in summarized form as well as in detail of all receipts from all sources and all expenditures for all purposes together with a full statement of all assets and debts including stock and bond issues as well as such other information as to the cost and profits of said service, and the financial condition of such grantee as the Council may require. Such reports shall be public and a summary thereof shall be printed as a part of the City's annual financial report and the Council may inspect or examine, or cause to be inspected or examined, at all reasonable hours, any and all books of account and vouchers of such grantee.

Such books of account shall be kept and reports made in accordance with forms and methods prescribed by the Council and so far as practicable shall be uniform for all grantees and holders of franchises, and shall, except for important and necessary changes, conform to such reports as are required by state or federal public utility commissions.

Section 10-212. Written Acceptance. Every grantee of any franchise, right or privilege shall within thirty (30) days after the ordinance granting the same shall be enforced, file with the City Recorder a written acceptance of the same, and a failure on the part of the grantee to file such written acceptance within the time specified shall be deemed an abandonment and rejection of the rights and privileges conferred, and the ordinance granting the same shall thereupon be null and void; such acceptance shall be unqualified and shall be construed to be an acceptance of all

the terms, conditions and restrictions contained in the ordinance granting the same.

Section 10-214. Records. The City officer responsible for accounting shall keep a separate record for each grantee of a franchise from the City rendering service to be paid for wholly or in part by users of such service, which record shall show in the case of each such grantee:

1. The true and entire cost of construction, of equipment, of maintenance and of the administration and operation thereof; the amount of stock issued, if any; the amount of cash paid in, the number and par value of shares, the amount and character of indebtedness, if any; the rate of taxes, the dividends declared; the character and amount of all fixed charges; the allowance, if any, for interest, for wear and tear or depreciation; all amounts and sources of income.

2. The amount collected annually from the City treasury and the character and extent of the service rendered therefor to the City.

3. The amount collected annually from other users of the service and the character and extent of the service rendered therefor to them. Such books of record shall be open to public examination at any time during City business hours. Such information, in addition to any further data which may be required by the City, under this Charter, shall be furnished by the grantees or holders of such franchises upon request, and at such grantee's own cost and expense.

4. In case any grantee or holder of a franchise fails or refuses to furnish such information when requested so to do on petition being presented on behalf of the City to the circuit court, such court shall have jurisdiction to compel such grantee or owner to furnish such information and tax the costs of such application against the defendant in such proceedings and in addition may impose a fine of not less than twenty-five dollars (\$25) nor more than five hundred dollars (\$500) for every such offense. All fines collected under this Section shall be paid into the General Fund. The procedure on such application shall be as far as possible analogous to that on mandamus.

Section 15-104. Administrative Powers and Procedures. The Commission shall have power for and on behalf of said City of Portland to perform the following acts and the following administrative procedures shall be followed:

1. The Commission shall have authority to make orders, rules and regulations in the form of resolutions to carry out the authority granted the Commission in this Chapter, certified copies of which resolution shall, forthwith upon their adoption, be transmitted to the auditor of the City of Portland, who shall cause the same to be transcribed at length in a record kept for that purpose or to be filed in a special record of such resolutions. Such record shall be public and the same and copies thereof shall be accessible to the public under like terms as ordinances and resolutions of the City of Portland. All such resolutions of the Commission (other than purely administrative regulations, or those of a temporary nature) shall be subject to amendment, repeal or alteration or enactment under the referendum or initiative to the same extent as ordinances of the City of Portland. All such resolutions shall require an affirmative vote of three (3) members of the Commission and shall take effect thirty (30) days after adoption by the Commission unless some other date be fixed in such resolution. If a date earlier than thirty (30) days from adoption be so fixed as the effective date, such resolution must receive the affirmative vote of at least four (4) members and all of the members present at the time of adoption. No Commissioner and no official or employee of the Commission shall take part in negotiations or proceedings, nor shall any Commissioner vote upon any matter in which such Commissioner is interested in a personal rather than official capacity, as a promoter, stockholder, shareholder or owner, or on any contract or order connected therewith.

2. The Commission shall have authority to appoint, employ and discharge such officers, employees and agents, including but not limited to clerical staff, experts, appraisers, accountants and other technicians, and crafts persons and laborers, as the Commission finds necessary or convenient for the efficient and economical performance of its duties, and to fix and provide for their compensation. Permanent officers and employees of the Commission shall be subject to the Civil Service provisions of this Charter and shall be appointed or removed by the Commission or person designated by the Commission in accordance with such provisions with the following exceptions: the Commissioners, a Director, the Director's secretary, an Assistant Director and all consulting or technical employees. All offices and positions in the permanent service of the Commission shall be provided for by resolution, a copy of which shall be sent to the Civil Service Board. Resolutions establishing positions within the Civil Service provisions of this Chapter shall be

transmitted to the Civil Service Board for classification in like manner as other positions in the service of the City.

3. The Commission may obtain the advice, recommendation and assistance of any officer, board or commission of the City of Portland, and the City Attorney and the City Attorney's staff shall render legal assistance and advice as required by the Commission. Payment for such legal service or other service of departments, officers or employees of the City shall be made to the City by the Commission. This shall not prevent the employment of technical assistance nor the employment of special legal counsel. Purchases need not be made through the purchasing agent of the City, but otherwise the limitations and restrictions on purchases contained elsewhere in this Charter shall apply.

4. The Commission may establish offices in or outside the City hall or other City building, as space may be available or convenient.

5. The Commission shall have authority to incur expenses for administration and such maintenance, construction, reconstruction, alteration, rehabilitation, replacement, repair or purchase or other mode of acquisition or rental of equipment, property or facilities as the Commission may find necessary or convenient. All property acquired shall be acquired in the name of the City of Portland. The Commission may purchase material and supplies and make such other disbursements and incur such other expenses as the Commission finds necessary or appropriate to carry out the purposes set forth in this Chapter.

6. The Commission shall have power to borrow money, negotiate federal advances of funds and execute notes as evidence of obligations, and pledge property acquired or any part thereof, and the City Council may make loans to the Commission from any available City fund.

7. The Commission shall pay all moneys received in connection with an urban renewal plan or property acquired in connection therewith, to the Treasurer of the City of Portland who shall maintain a separate and distinct fund to be known as the Urban Redevelopment Fund, in which all such moneys shall be deposited in the name of the City of Portland for the use and expenditure of the Commission. The Commission shall pay all money received in connection with civic promotion to the City Treasurer who shall keep the same in a separate fund to be known as the Civic Promotion Fund.

The Commission shall also have authority to establish reserve funds, special funds or sinking funds for the payment of indebtedness, obligations or interest thereon as may be permitted by law. The Commission may transfer money from its General Fund to its special or reserve funds and may transfer surplus of money to its General Fund, and may transfer to the General Fund of the City. Disbursements shall be made by the City Treasurer on warrants signed by the Chairperson or designated member of the Commission and the Secretary or acting secretary or the Commission, pursuant to powers granted in this Chapter, after designation of signatory authority by resolution of the Commission. However, the Commission may maintain a separate bank account not exceeding a balance of twenty-five thousand dollars (\$25,000) in addition to current payroll, for meeting salaries, wages and current miscellaneous expenses. Such account shall be designated as a revolving fund and may be drawn upon for such purposes by officials designated by the Commission. An accounting with reference to such account shall be filed monthly with the City officer responsible for accounting.

8. Such officers and employees of the Commission as the City Council shall direct shall give bond in such amount and type with such security as may be approved by the City Council, which bond shall be filed with the City Auditor and premiums thereon paid from commission funds.

9. The Commission shall be responsible for the design, installation and maintenance of an accounting system which will conform to the requirements of state laws and Charter provisions regarding budgeting, expenditure, receipt and custody of public funds except as specifically modified in this Chapter.

10. The Commission shall provide for a comprehensive independent audit of all funds and accounts of the Commission by a qualified Certified Public Accountant or firm of such accountants selected with the approval of the City Council. The cost of the audit shall be at the expense of the Commission. Copies of the audit report shall be furnished to the City Council and filed with the City Auditor, and a copy shall be sent to the Tax Supervising and Conservation Commission.

RESOLUTION No. 34030

BE IT RESOLVED by the Council of the City of Portland, Oregon that an Act entitled:

'An Act to amend an Act of the Legislative Assembly of the State of Oregon entitled: 'An Act to incorporate the City of Portland, Multnomah County, State of Oregon, and to provide a charter therefor, and to repeal all Acts or parts of Acts in conflict therewith,' approved by the Governor and filed in the office of the Secretary of State, January 23, 1903, as subsequently amended by said Legislative Assembly and by the people of the City of Portland from time to time by revising the duties, responsibilities, authority and service requirements of the Auditor.'

be and the same hereby is submitted to the legal voters of the City of Portland, Oregon for their adoption or rejection at the ensuing municipal election to be held in the City of Portland, Multnomah, Clackamas, and Washington Counties on the 20th day of May, 1986. Each voter who votes upon said proposed Act shall vote "yes" or "no" in the space indicated for such vote upon the City ballot at said election.

Adopted by the Council, **FEB 12 1986**

JEWEL LANSING, City Auditor
W.R. Selby:cdw
February 7, 1986

JEWEL LANSING
Auditor of the City of Portland
By *Doris E. Chahussy*
Deputy

Calendar No.

2745

RESOLUTION No. 34030

Title

An Act to amend an Act of the Legislative Assembly of the State of Oregon entitled: 'An Act to incorporate the City of Portland, Multnomah County, State of Oregon, and to provide a charter therefor, and to repeal all Acts or parts of Acts in conflict therewith,' approved by the Governor and filed in the office of the Secretary of State, January 23, 1903, as subsequently amended by said Legislative Assembly and by the people of the City of Portland from time to time, by revising the duties, responsibilities, authority and service requirements of the Auditor.

THE COMMISSIONERS VOTED AS FOLLOWS:		
	Yeas	Nays
BOGLE	—	
LINDBERG	✓	
SCHWAB	—	
STRACHAN	✓	
CLARK	✓	

Filed

FEB 7 1986

JEWEL LANSING
Auditor of the CITY OF PORTLAND

By Dennis Nelson
Deputy

INTRODUCED BY	
Jewel Lansing <i>J. Lansing</i>	
NOTED BY THE COMMISSIONER	
Affairs	
Finance and Administration	
Safety	
Utilities	
Works	
City Auditor <i>W.</i>	
CALENDAR	
Consent	Regular