



# CITY OF PORTLAND

Office of City Auditor LaVonne Griffin-Valade

## Audit Services Division

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June 9, 2014

TO: Mayor Charlie Hales  
Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Steve Novick  
Commissioner Dan Saltzman

FROM: LaVonne Griffin-Valade, City Auditor

SUBJECT: Audit Schedule for July – December 2014

Attached is the 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:rw

## AUDIT SCHEDULE, JULY - DECEMBER 2014

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 2013-14

**Vacant Positions: Few positions vacant long-term, but enhanced oversight can reduce risk (Report 444) - 5/1/14** An audit of vacant City positions

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**East Portland: History of City services examined (Report 435) - 4/23/14** An audit of East Portland services

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**Portland Streetcar: City bears financial burden and operational risk while relying on outside partners (Report 451A) - 4/17/14** An audit of Portland Streetcar

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**Organic Waste: Residential collection increased, but challenges remain in larger commercial sector (Report 447) - 4/8/14** An audit of Portland's organic waste collection

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**Building Permits: Extension practices inconsistent; documentation lacking (Report 420B) - 4/3/14** An audit of building permit practices in the Bureau of Development Services

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**Housing Loan Program: Funding supports goals, but low repayment may jeopardize long-term success (Report 449) - 3/24/14** An audit of the City's housing loan program

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**Sexual Assault Response: Progress made toward a victim-centered approach (Report 445) - 2/25/14** An audit of the City's process for responding to victims of sexual assault

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**City of Portland 23rd Annual Community Survey Results (Report 450) - 10/30/13** The 2013 results of the annual Community Survey of Portland residents

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**Human Capital Management Software: Most modules now implemented, but additional costs exceed \$3 million (Report 437) - 10/16/13** An audit of the City's implementation of HCM software within the SAP business system

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**Residential and Commercial Inspections: Strengthen oversight and management practices; document procedures (Report 420A) - 9/25/13** An audit of commercial and residential inspections in the Bureau of Development Services

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**Portland Parks and Recreation: Managing diverse assets requires evaluation of maintenance (Report 439) - 8/14/13** An audit of the Portland Parks and Recreation maintenance program

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**Emergency Communications: Training, quality control and procedures warrant improvement (Report 430) - 7/15/13** An audit of the Portland Bureau of Emergency Communications (BOEC)

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**Transition Report: Key risks for City Council (Report 438) - 7/11/13** An audit highlighting risk areas for City Council to address

## AUDITS IN PROCESS IN FISCAL YEAR 2013-14

The following audit projects began in FY 2013-14 and are in process as of June 30, 2014.

- Budget Process
- Procurement
- Bureau of Environmental Services Support Facility project
- Police Training
- Portland Development Commission Payroll, Class/Comp
- City Attorney
- Sale/Disposal of Real Property
- Bureau of Technology Services
- Human Resources
- Streetcar – Management Systems and Outcomes
- Transaction Testing
- City Services in the Southwest neighborhood area

## RECURRING AUDIT AREAS

**Community Survey** – Now in its 24<sup>th</sup> year, this is Audit Services' effort to measure resident satisfaction with city services.

**Comprehensive Annual Financial Report (CAFR) Audit** – Managing the contract with the City of Portland's outside CPA firm to audit the full financial statements of the City. The CAFR audit includes 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 Charter (as well as for Portland to issue bonds and to report to the State in accordance with State law), and Charter also requires the City Auditor to select, coordinate and monitor the CPA firm that conducts the independent financial audits. This contract covers the audits of the financial statements of the Hydroelectric Power fund, the Fire and Police Disability and Retirement funds, Mt. Hood Cable Regulatory Commission, and the compliance audit of grants that is required by the federal Single Audit Act.

**Portland Development Commission** – Various audit areas selected with input from PDC's Audit Liaison Group – work is funded by interagency transfer from the Portland Development Commission.

## PLANNED NEW AUDITS TO BEGIN IN 2014

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 2014. 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.

- **Revenue Collection**
- **Overall Management of Risks**
- **Fiscal Sustainability and Financial Condition**
- **Children's Levy Outcomes**
- **Urban Watershed**
- **Climate Action Plan**
- **Red Light Photo Enforcement**

## **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 12.5 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, Certified Government Auditing Professional, and Certified Construction Auditor.

Most of our staff members have prior professional auditing and analysis experience, including public and private organizations such as the Oregon Audits Division, KPMG, PacifiCorp, U.S. Government Accountability Office, First American Corporation, Oregon Department of Administrative Services, the City of Houston, and the City of New York. Members' work experience also includes the State Legislatures in Washington, Idaho, and Utah.

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, the Information Systems Audit and Control Association, and the National Association of Construction Auditors.

## **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.