



**Eugene City Council**

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# **EUGENE CITY COUNCIL AGENDA**

**November 20, 2017**

**5:30 p.m. CITY COUNCIL WORK SESSION**  
**Harris Hall**  
**Lane County Public Service Building**  
**125 East 8th Avenue**  
**Eugene, Oregon 97401**

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**Meeting of November 20, 2017;**  
**Her Honor Mayor Lucy Vinis Presiding**

**Councilors**

Alan Zelenka, President  
Emily Semple  
Claire Syrett  
Jennifer Yeh

Mike Clark, Vice President  
Greg Evans  
Chris Pryor  
Betty Taylor

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**5:30 p.m. CITY COUNCIL WORK SESSION**  
**Harris Hall, 125 East 8<sup>th</sup> Avenue**

*The Mayor opens the November 20, 2017, City Council work session.*

**A. WORK SESSION: Auditor Discussion**

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010,  
or visit us online at ***[www.eugene-or.gov](http://www.eugene-or.gov)***.

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Work Session: Auditor Discussion

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Meeting Date: November 20, 2017  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: A

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### **THE FOLLOWING ITEMS ARE ATTACHED**

- A. Initiative to Amend Charter
- B. Excerpt – Final Report of the Citizen Charter Review Committee (2002)
- C. Auditor Study Group Notes



## Ballot Measure 20-283

**CAPTION:** Amends Charter: establishes office, duties of independent elected City Auditor.

**QUESTION:** Shall City Charter be amended to establish office of elected City Auditor to independently audit city operations and activities?

**SUMMARY:** This Charter amendment establishes new Office of Independent City Auditor, led by elected City Auditor. City Auditor must be certified; and have five years' relevant experience. Election held every four years. Auditor and auditor's office are independent, not subject to City Council or Manager direction or supervision.

Auditor has authority to perform financial, performance, compliance, or other audits of any city funded operation; may oversee other city audits. Auditor must establish whistleblower hotline, conduct investigations of reports of fraud, waste, abuse, mismanagement, or illegal activity.

City officers and employees must cooperate with auditor's office, provide unrestricted access to documents, people, other information, facilities necessary for audits. Auditor's activities subject to outside peer review. All audit reports and peer reviews posted on auditor's website.

City must fund Auditor's office at not less than 0.1% of City's total budget (approximately \$677,000 for FY18) which includes auditor compensation. Auditor paid at least 70% of averaged salaries of Eugene and Salem City Managers and EWEB General Manager (approximately \$153,000 in 2017), plus same benefit package as Eugene City Manager.

## **EUGENE CHARTER – CITY AUDITOR**

The people of the City of Eugene amend the City Charter to create an Office of the Independent Auditor led by an elected City Auditor as set forth in this new Section 55 of the Eugene Charter:

### **SECTION 1. Findings**

1. Public officials, government managers, and private citizens want and need to know whether city funds are handled properly and whether public programs are cost effective.
2. Independent audits, conducted according to Generally Recognized Government Auditing Standards, provide objective, timely, and accurate information about city operations. Audits promote improved government decision-making, service delivery, and cost savings. Finally, audits improve transparency and accountability to the public for city operations.
3. To ensure that audits of city operations are conducted independently and in a manner accountable to the public, the City Auditor shall be elected and lead an Office of the Independent Auditor.

### **SECTION 2. Duties and Responsibilities of City Auditor**

1. The Office of the Independent Auditor is hereby established and shall be headed by an elected City Auditor.
2. The City Auditor shall have the authority and responsibility to conduct, or cause to be conducted, financial, compliance, performance, special studies, or other audits of all aspects of the City of Eugene's government operations. In addition, the City Auditor shall have the authority to oversee any audits contracted for and funded by the City directly (*i.e.* not through the City Auditor), including the comprehensive annual financial report.
3. The City Auditor shall have the authority to conduct audits of all city operations and activities, including but not limited to: departments, offices, boards, activities, agencies, contracts, franchises, projects, and programs to determine whether:
  - a. the City is acquiring, documenting, managing, protecting, and using its resources economically, efficiently, equitably, and effectively;
  - b. the intended outcomes of the activity are achieved;
  - c. the public is benefited by the activity;
  - d. further investigation or corrective action is necessary to address evidence of potential fraud, waste, abuse, or illegal acts.
  - e. financial and other reports are unbiased and disclose all relevant information fully and accurately; and
  - f. the City Council is informed of problems in a timely manner.
4. The City Auditor shall:

- a. establish and maintain a public website linked to the City's website to make audits, annual reports, schedules, and other items of public interest publicly accessible;
  - b. establish procedures, including a "Whistleblower Hotline" for receiving and investigating anonymous or non-anonymous reports of fraud, waste, abuse, mismanagement, or illegal activity and shall publicize the availability of that hotline to employees, city officials, vendors, and the public;
  - c. maintain the confidentiality of information received during an audit consistent with state and federal law
  - d. maintain auditor working records and documents consistent with state law, but for at least ten years;
  - e. provide audit or non-audit services requested by the City Council or the City Manager, when consistent with available funding and priorities as determined by the City Auditor.
5. The City Auditor shall have authority to interpret the requirements of this Charter amendment and to promulgate rules and policies as necessary to carry out the duties of the Office of the Independent Auditor.

### **SECTION 3. Election of City Auditor**

1. The City Auditor shall be elected pursuant to Section 20 of this Charter and state law.
2. The position is full time and non-partisan.
3. Qualifications. Notwithstanding Section 19 of this Charter, the City Auditor must possess at least a bachelor's degree and at least one of the following certifications: Certified Internal Auditor (CIA): Certified Public Accountant (CPA): or Certified Government Auditing Professional (CGAP). The auditor must also have at least five years of recent auditing, evaluation, analysis, or otherwise comparable experience. The City Auditor shall be a qualified elector in the United States. The Auditor must remain certified and qualified as such throughout the term of office.
4. The election for City Auditor will be conducted city wide and will occur every four years, two years opposite the election cycle of the Mayor.
  - a. The candidates for city Auditor shall file to be a candidate under the same procedures as other candidates for elected city position. In addition, they must file a resume or other statement which they affirm as accurate, documenting that they meet the qualifications for City Auditor set forth herein. That statement shall be published in the Voters' Pamphlet.
  - b. The term of office of a person elected shall commence on the first Monday in January following the election, unless one candidate receives a majority vote in the primary election, in which case the term shall commence as soon as is reasonably feasible but no later than July 1 of the same year.
  - c. The City Auditor will serve until a successor is elected and qualified.

- d. The office of the City Auditor becomes vacant upon the incumbent's death, recall, resignation, adjudicated incompetence, or conviction of an offense pertaining to the office. The City Council shall appoint an interim auditor within 90 days of a vacancy occurring.
  - e. If a deputy in the Office of the Independent City Auditor meets the qualifications herein, then that person shall be appointed by the City Council to serve as the interim City Auditor until the successor to the office is elected and takes office as set forth in Section (4) of this charter amendment.
  - f. If the office of the City Auditor becomes vacant more than 100 calendar days before the May election, the election to fill that vacancy shall be conducted at the next May election of the same year. If the vacancy occurs less than 100 days before the next May election, the election to fill that vacancy shall be conducted at the May election of the following year. If an election to complete the term of the vacated position coincides with the regularly scheduled primary election for the City Auditor position, then only the regularly scheduled primary election shall proceed.
  - g. If a City Auditor elected under this Charter Section (55) would serve a term of less than one and one half (1.5) years, that auditor's term shall be extended to encompass the four (4) years of the next term without an additional election. Thereafter, the election cycle will resume as stated herein.
  - h. In the event this Charter amendment is approved by voters on or before the May 2018 election, then the first election for the office of City Auditor shall be held at the regularly scheduled November 2018 election. The candidate who receives the most votes will win and take office in January 2019. Thereafter, the election cycle will resume as stated herein.
5. The City Auditor will take the oath or affirmation as provided for the City Councilors and Mayor, and shall be subject to recall pursuant to Article II, section 18 of the Oregon Constitution.

#### **SECTION 4. City Council and City Auditor Cooperation**

- 1. The City Manager and city administration must cooperate with the City Auditor and the auditor's office to achieve the objectives of this charter amendment.
- 2. The City Auditor shall prepare a budget for the Office of the Independent Auditor, which will be submitted to the Budget Officer, with a copy provided directly to the City Council. As part of the City's annual budget process, the City must provide the City Auditor's office with the facilities, equipment, and staffing necessary for the office to perform its duties. At a minimum, the budget for the Office of the Independent Auditor, including the City Auditor's compensation, must be funded at a level not less than 0.1 % of the City's total adopted annual budget.
- 3. The City Council shall provide total compensation for the City Auditor as follows: a benefit package equal to that provided to the Eugene City Manager and a salary that is not less than 70% of the average of the salaries of the (a) Eugene City Manager; (b) Salem City Manager, and (c) the Eugene Water and Electric Board's General Manager.

4. The City Auditor and auditor's employees are independent of the City Council and City Manager, and are not subject to the authority of the City Manager under Section 16 of this charter or otherwise. The City Auditor has authority to appoint, evaluate, promote, and remove employees in the Auditor's office, and to prescribe their duties and compensation. All such employees serve at the pleasure of the City Auditor.
5. The City Auditor shall have authority to consult, contract with or hire independent professionals to assist the auditor's office in fulfilling its duties including, but not limited to, certified public accountants, management consultants, and legal counsel.
6. Every City contract, agreement or grant must contain a "right-to-audit" clause that obligates the recipient of city funds to provide the City Auditor access to employees and to all financial and performance records, property, and equipment, purchased in whole or part with public funds, as needed to complete the audit.
7. The City Auditor must submit both a short term (one year) and long term (four year) audit plan and schedule to the City Council, City Manager and the public for review and comment, but not approval. This annual audit plan shall be completed within 30 days of the end of each fiscal year. The City Auditor has authority to select all audits planned and implemented and determine or amend audit schedules.
8. The City Auditor shall be provided time on the City Council agenda for public hearing or discussion, whenever requested.
9. City officers and employees must provide the City Auditor (and designees) with unrestricted and timely access to all employees, information, data, and records (including electronic data) that are within their custody and that the auditor believes necessary or useful to complete the audit. City officers and employees must also provide unrestricted access for the auditor to inspect all city property, equipment and facilities. The City cannot charge the auditor's office for producing or copying this information, data or records.
  - a. If access is unreasonably delayed or withheld, the City Auditor shall have authority to initiate a search and examine records. In addition, the City Auditor shall have authority to issue subpoenas to complete the audit.
  - b. If any person subpoenaed as a witness or compelled to produce records fails or refuses to comply, then the proper court, upon the request of the City Auditor, shall have power to compel a response and to punish as contempt of court refusals to comply.
10. The City Auditor has the authority to retain its own legal counsel.

## **SECTION 5. Audit Standards**

1. Each audit will be conducted in accordance with the "Generally Accepted Government Auditing Standards" issued by the Comptroller General of the United States.
2. The City Auditor will provide a draft of each audit report to the City Manager and senior administrator for the audited program for review and response before making the audit report



public. The City Manager and/or administrator will provide a written response within a reasonable time frame specified by the auditor. That response shall be included in the audit report in whole or in a summary. If no response is received, the auditor will document that fact and release the audit report.

3. Each audit shall result in a written report that is provided to the City Council and City Manager and posted on the City Auditor's website. The report shall contain relevant background information, findings, and recommendations.
4. The City Auditor shall prepare an annual report that describes the audits completed, major findings, and recommended corrective actions. The report shall be submitted to the City Council and made available to the public.
5. The City Auditor shall follow-up on audit recommendations as practical to determine if corrective action has been taken. The City Auditor may request periodic status reports from audited agencies regarding corrective actions taken.
6. The activities of the City Auditor's office shall be subject to peer review in accordance with Generally Accepted Government Auditing Standards and by a professional, nonpartisan objective group utilizing generally recognized guidelines specific to local government auditing. The City Auditor shall pay for the costs of the peer review from the City Auditor's budget. A copy of the written report of this independent review shall be furnished to the City Council and be made available to the public.

#### **SECTION 6. Miscellaneous**

1. If there are conflicts between the provisions of this Charter amendment (Section 55) and any provisions of other sections of the Eugene Charter, the provisions of this Charter amendment (Section 55) shall prevail.
2. If any part, section or provision of this Charter amendment is found unconstitutional, illegal or invalid, such a finding will affect only that part, section or provision of the ordinance and the remaining parts, sections or provisions shall remain in full force and effect.

# FINAL REPORT OF THE CITIZEN CHARTER REVIEW COMMITTEE

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## D. City Performance Auditor

Recommend Amendment to the Charter

Vote on Recommendation: Unanimous

Add New Section to the Charter As Shown Below

*New Section City Performance Auditor. The city performance auditor shall be appointed by the city council. The performance auditor shall conduct or cause to be conducted performance audits and may conduct studies intended to measure or improve the performance of city functions following generally accepted government auditing standards. The performance auditor may be removed from office with or without cause by the city council. The performance auditor shall possess adequate professional proficiency as demonstrated by a relevant certification such as a Certified Public Accountant, Certified Internal Auditor, or Certified Management Accountant, which shall be retained throughout tenure in the position. All audit reports are public records. The city council shall provide for the creation of an audit committee to oversee the performance auditor. The audit committee shall include the city manager and other members as defined by ordinance. Among its duties, the committee shall forward candidate recommendations for the auditor position to the city council.*

In the initial discussions by the City Council, the consideration of a "possible City auditor position" was one of the specific tasks assigned to the committee. In undertaking this task, the committee reviewed the performance assessment being done by City staff, the types of audit work being done by City staff or contracted out, auditor positions in other jurisdictions, and how a performance auditor might be beneficial to the City of Eugene.

Financial Services Division staff provided information to the committee on the types of audits done under the categories of economy and efficiency audits, program audits, and financial-related audits, both internally completed and contracted out. The City uses "service profiles" and "performance measures" as tools in the organization's budget work in an ongoing effort to effectively and efficiently deliver services. There are 45 service areas in the City organization. According to Dee Ann Hardt, Financial Services Director, "City staff do not perform formal performance audits." "The service profiles the City has completed over the past several years and the performance measures contained in those profiles are not audited". Of the five elements listed in the Yellow Book for a performance audit according to GAGAS, the profiles/measures represent only the first of five elements, "Criteria," in a formal performance audit.

Refer to the information in Appendix O regarding the performance audit work being done by the City of Eugene and Appendix P, which summarizes all of the audit type work currently being undertaken in the City.

# FINAL REPORT OF THE CITIZEN CHARTER REVIEW COMMITTEE

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Two lay members of the Budget Committee were invited to a committee meeting to share their thoughts on the usefulness of the service profiles. In addition, at the request of a member of the committee, elected Portland City Auditor Gary Blackmer attended a committee meeting and offered examples of audit work done in Portland. Mr. Blackmer discussed and clarified the nature of the audit function in the City of Portland. He also noted that performance auditing standards are clearly defined in the Yellow Book, which is developed and improved by the US Government Accounting Office (GAO). The committee also received correspondence from Dean Stephens, the Lane County appointed auditor on these same topics.

Further research on municipal auditors was provided by committee members. The research indicates that the Government Finance Officers Association (GFOA), the American Society for Public Administration (ASPA), Association of Government Accountants (AGA), International City Managers Association (ICMA), the National Association of Local Government Auditors (NALGA), and numerous other state municipal associations as well support the concept of a municipal auditor.

The National Association of Local Government Auditors believes that audits of local government programs, functions, activities, and organizations are essential. They believe as an integral part of the governance process, the audit function plays a key role in providing accountability for management's performance. The primary mission of the auditor is to require an accounting of the activities and accomplishments of the organization. As an integral part of the governance process, the audit function plays a key responsibility role in providing accountability for management's performance.

Refer to Appendix J, *So. . . You Think You Might be Interested in Hiring a Performance Auditor*, for more information on performance auditors and Appendix K for guidelines for model legislation related to performance auditors.

The trend for auditors has emerged because government officials, both elected and appointed, have realized that an independent oversight function is particularly important because of the unique relationship that government auditors have with their primary stakeholders, the taxpayers. The taxpayers and, for the most part, elected representatives want assurance that their scarce tax dollars are being protected by audit functions that operate with reasonable independence from the supervisory chain. Anything less severely limits the credibility of the auditor in terms of the public trust.

The committee believed that was a need for an audit function and also discussed a contracted auditor versus and in-house City performance auditor. There are pros and cons to outsourcing versus in-house. The committee determined that the auditor should be a part of the organizational structure versus contracted out. In-house auditors can be more costly in terms of

# FINAL REPORT OF THE CITIZEN CHARTER REVIEW COMMITTEE

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overhead costs such as fringe benefits, but contractors charge a lot and may not always get to the root of problems if funds are limited. It is difficult to select a good contractor and once selected, it is difficult to ensure that the same people will work on all of the projects.

A comprehensive picture and depth of knowledge of the organization is important to the success of the audit position. There can be a mix of in-house and outsourcing based on efficiency, of course. However, opponents of outsourcing maintain that because management is paying for services rendered, independence from political pressure on the out source auditor is severely compromised. If the auditor is involved in the day-to-day operations of the government, they can plan the best places to audit. Being a part of the government organization also says to the public that the City government is on alert for savings and improvements. The auditor, managers and staff will be working in a cooperative effort, sharing a common goal, to solve problems that improve service and save tax dollars that can further service the community. Refer to Appendix L for a report on bench marking and best practices.

In further looking at the issue of in-house versus contracted out, the committee sought additional information from the GAO. The concern raised by the GAO was the audience of the audit reports. In sum, if the audits are to be distributed to the legislative body, the press, and the public and those directed to management, steps need to be taken to ensure that the government audit organization is established in such a way to be considered free from organizational impairments to independence to report externally. The GAO representative's e-mail on this topic is in Appendix M. Refer to Appendix N for e-mail messages regarding auditors.

This led the committee to determine that the audit position should be appointed by the City Council, not the City Manager, in order to retain "external auditor" characteristics.

In discussions on a City performance auditor, an auditor hired by the City Council and how this would be implemented in the City of Eugene, there concern regarding the form of government and if this would represent duplication of management effort. The performance auditor position, as recommended, does not change the government structure. The position is more focused on the operation of a particular government service. The auditor advises the organization, but does not set policy or manage. The auditor provides information to assist the council in budgeting and effective oversight. Audits usually resolve operational issues with management before the audit report reaches the council via the audit committee. Audits are "bad new/good news": the bad news is that there was a problem, the good news is that it is being fixed. If a City Manager could get fired for a problem he or she might wish to hide from the City Council, the auditor can help a City Manager identify and resolve problems before they result in a firing, saving the City organization from the expense of hiring a new manager in the process.

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The performance audit position would not be a duplication of effort or another layer of bureaucracy, but a gauge of government operations geared toward better quality government. Auditors can identify savings and improvements as a result of detailed analysis that could not be provided solely by staff in an organization. The performance auditor would present findings and recommendations to the City Council and to the City Manager.

Having decided to recommend an auditor, the committee also considered the cost of such a position. The Portland City Auditor, Mr. Blackmer, felt that for the size of the City of Eugene, one auditor would be sufficient. He further felt that while often performance auditors pay for themselves with identified savings each year, the committee should not focus solely on the financial aspects, because unmeasurable accountability and improvements in the quality of service is also purchased with performance audits. The committee concurred with the opinion that one auditor would suffice for the City of Eugene at present. The Key Elements to a successful and effective independent performance auditor position is provided in Appendix K.

According to the NALGA's education committee report, "So . . . You Think You Might Be Interested in Hiring a Performance Auditor," found in Appendix J, it is not uncommon for an audit function to realize an annual return on investment between 200 percent and 400 percent.

Some members of the committee expressed their belief that the City Manager needed to have an active role with regard to the City performance auditor to ensure that the manager retained control over the management of the organization. In response to this concern, the committee recommended that an audit committee should be included as an additional check and balance.

As proposed, the audit committee would act as the hiring advisory committee. The audit committee would also review risk criteria used to select performance audits and endorse the performance auditor annual audit plan. The audit committee would also review the progress of audit work and draft audit reports, mediate differences between the performance auditor and those being audited, and provide input on general audit matters. An example of audit committee functions can be found in Appendix Q, Audit Committee in Jackson County, Oregon.

In order to keep the process collaborative with management, it was decided to have the City Manager participate in the audit committee to the extent that the independence of the auditor not be impaired. The committee referred the specific makeup of the audit committee to the council, but generally agreed upon a seven-member committee composed of three councilors, two lay members of the Budget Committee, the mayor, and City Manager.

While the motion for the recommended charter language did pass unanimously, two members of the committee wished to note their concerns with the language for the record. First, one member expressed concern that the proposal does not include input from the City Manager in the

# FINAL REPORT OF THE CITIZEN CHARTER REVIEW COMMITTEE

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appointment process. Secondly, two members wished to note for the record their concern that the proposed audit committee was not codified in the proposed language.

November 10, 2017

Mayor Lucy Vinis  
Eugene City Council  
125 E 8<sup>th</sup> Ave, 2<sup>nd</sup> Floor  
Eugene, OR 97401

Dear Mayor Vinis and Members of the Eugene City Council:

The Eugene City Auditor Study Group is pleased to present our matrix with accompanying profiles for your consideration as you discuss topics pertinent to a Performance Auditor for the City of Eugene. In this cover letter, we describe our group's intent and the process and methods we used to develop these materials. We also include a glossary of terms to help you understand our matrix.

**Formation and Composition.** In early August, Mayor Vinis convened our 11-member study group and charged the group to develop an objective, factual matrix of models for a performance auditor position. The group was specifically asked not to make recommendations. The matrix was to form the framework for the City Council's work session, as well as frame the issues in public conversation. The study group met publicly for seven meetings during a 10-week period. We maintained a website at [www.eugeneperformanceauditor.org](http://www.eugeneperformanceauditor.org).

The all-volunteer study group was ably assisted by Emily Mooney, co-chaired by Marshall Wilde and Norma Grier, and included the following members:

Bobby Green  
Brittany Quick-Warner  
Dave Fidanque  
Janet Calvert  
John Barofsky  
Josh Skov  
Phil Carasco  
Ryan Moore  
Tai Pruce-Zimmerman

**What Is Performance Auditing?** While many government bodies and businesses are familiar with financial auditing, performance auditors work to ensure taxpayer funds are used efficiently and effectively and that government programs and services are fulfilling their intended functions. Auditor reports and findings are usually publicly available. While performance auditors are known to help a city spend money wisely and even save money, the best outcome is to help government effectively fulfill its intent.

**Standards for Performance Auditing.** Performance auditors are guided by Generally Accepted Government Auditing Standards (GAGAS) that can be found in what is commonly referred to as the "Yellow Book" issued by the U.S. General Accountability Office. Many, but not all, performance auditors follow these standards. An auditor must operate independently from the

audited government entity, a goal achieved in a variety of different ways by different cities. Auditors choose audit topics through a risk assessment process. They are expected to have appropriate training and certification, their work must follow protocols that ensure their focus, findings and recommendations are appropriate, and their performance is subject to a “peer review” process every three years. The national nonprofit Association of Local Government Auditors (ALGA) is also a rich resource on this topic.

**Methodology.** The study group assembled a matrix using examples from ten cities (including the proposed ballot measure for Eugene), one county, and one city-county combination. Each community that we included in our matrix is more fully described in an accompanying one-page profile.

Some of the governments we included have worked with an auditor for many decades. Performance auditors can be elected or appointed, or they can be external and work on contract. While the group initially tried to find examples from cities with similar populations and budgets to Eugene, we quickly learned that pinpointing similar communities was difficult because other cities’ budgets often included either public utilities or major airports that quickly ballooned the figures. The variability on budgeting made it impossible to authentically represent the auditor’s budget as a percentage of a city’s overall budget.

The topics that threaded through our research include:

- need for the auditor’s independence,
- access to the personnel and records of the audited entity and the city’s contractors,
- checks and balances on the auditor’s work,
- how audit topics are selected, and
- how funding for the auditor’s office is provided.

Our group also noted any unique features of auditor functions in other cities that may be pertinent or of interest to Eugene.

**Glossary.** The following glossary of terms (as used by our group) will help you better understand our matrix and profiles:

Access: The ability to obtain necessary information to perform the performance auditing function, including authority to interview employees, review public records, and obtain financial data from entities that contract with a city.

Accountability: The process for ensuring that the auditor performs in compliance with professional standards in selection of audit topics, performance of the audits, and subsequent actions related to the audit function. Provisions regarding an audit committee and work performance are also pertinent to accountability.

Funding: Financial resources for staff, office expenses, and contracting for outside auditors, consultants, outside counsel, and similar expenses.



GAGAS: Generally Accepted Government Auditing Standards. These are the rules printed in the General Accountability Office’s “Yellow Book” that describe how performance auditors should perform their professional functions.

Independence: The ability to perform the professional functions of the auditing office without interference from parties interested in the outcome of the audit.

The study group is soliciting public comment on our documents via our website, and we may make appropriate modifications based on comments we receive between now and Wednesday, November 15. We expect to summarize the comments at our presentation at the City Council work session on November 20, 2017.

In conclusion, cities make a number of choices about size, scope, and accountability when establishing a performance auditing function. We do not see that a single “right answer” exists for every city, but rather that each city should consider the advantages and disadvantages of these choices in light of its challenges.

Sincerely,

Marshall Wilde  
Co-chair

Norma Grier  
Co-chair

Government and Demographics				Auditor Office			Independence and Funding			Access	Accountability	Other Provisions
City	Popula- tion	City Budget	Who has executive authority?	Elected or Appointed	Size of Audit Office	Size of Audit Budget	How are audit topics decided?	Who has supervisory authority over audit staff?	Who determines the size of the audit budget?	Access provisions for – personnel, city records, contract records	Provisions regarding an audit committee, special provisions regarding work performance, recall, and similar measures	Duties, powers, budget, pay, etc
Albany, NY	98,000	\$177M	Mayor	Elected	4	\$421K	Auditor sets work plan and seeks input but not approval.	Elected auditor, non-union staff	Council	By city policy, access to all records.	No recall provisions in NY; re-election.  No requirement for audit committee.	Relatively new = 8 years. Must be resident. No qualification requirements. Must appoint a deputy to cover when unavailable. Auditor approves all city payments. Goes to city attorney for counsel, but also has budget for outside professionals. Works pretty well – important function. Understaffing sometimes a problem.
Berkeley, CA	113,000	~\$160 M general fund	City manager	Elected	13.5	\$2.3M	Auditor with council input.	Head elected auditor	Council	By audit standards - full access to all.	Recall provisions  No requirement for audit committee	All contracts must be co-signed by auditor, minimum salary, exemption from “across the board” budget cuts.
Boise, ID	223,000	\$600M	Mayor	Appointed	2	\$232k	Auditor, approved by council.	Director of audit services	Council	By audit standards - full access to all.	Removal for cause only, by a council supermajority  No requirement for audit committee	Fiduciary duty to the public required by code.
Centennial City, CO	110,000	\$86M	City manager	Contract auditor	0	\$296K	By audit board.	N/A	Council	Per contract	Contract termination  Various entities select the 8-member audit committee	Centennial City does not have any employees assigned to performance audit. All audits are contracted. Most audits related to a local tax.

Government and Demographics				Auditor Office			Independence and Funding			Access	Accountability	Other Provisions
City	Population	City Budget	Who has executive authority?	Elected or Appointed	Size of Audit Office	Size of Audit Budget	How are audit topics decided?	Who has supervisory authority over audit staff?	Who determines the size of the audit budget?	Access provisions for – personnel, city records, contract records	Provisions regarding an audit committee, special provisions regarding work performance, recall, and similar measures	Duties, powers, budget, pay, etc
Denver, CO	700,000	\$1.2B	Mayor	Elected	51	\$4.5M	Auditor sets work plan and seeks input but not approval.	Auditor	Council	Charter provisions provide full access.	State recall provisions  Seven-member audit committee chaired by auditor with 2 members each appointed by Mayor, Council and Auditor	Charter states no city ordinance can compromise the auditor’s independence. Auditor countersigns every contract and ensures that all city contracts pay the prevailing wage. All audit reports include an implementation date for recommendations at which time the auditor performs a follow-up.
Eugene Petitioner Proposal	167,000	\$676M (plus EWEB \$307M)	City manager	Elected	~3	\$670K	Auditor sets work plan and seeks input but not approval.	Auditor	Minimum set in charter, city council may augment	Charter language provides full access and allows auditor to subpoena records.	State recall provisions  No requirement for audit committee	Independent legal advice, minimum budget and minimum pay for auditor set in charter.
Eugene Charter Review Committee (2002)	167,000	\$676M (plus EWEB \$307M)	City manager	Appointed	1	\$150K (est)	By risk analysis by auditor, as approved by audit comm.	N/A (no staff)	Council (implied)	Implied by reference to GAGAS standards, but not specifically addressed.	Audit committee that includes City Manager, Mayor, 3 councilors, and 2 lay budget committee members to advise on hiring, performance, audit topics and mediation with staff.	The proposed charter language left some issues undefined, presumably for clarification in an ordinance.

Government and Demographics				Auditor Office			Independence and Funding			Access	Accountability	Other Provisions
City	Population	City Budget	Who has executive authority?	Elected or Appointed	Size of Audit Office	Size of Audit Budget	How are audit topics decided?	Who has supervisory authority over audit staff?	Who determines the size of the audit budget?	Access provisions for – personnel, city records, contract records	Provisions regarding an audit committee, special provisions regarding work performance, recall, and similar measures	Duties, powers, budget, pay, etc
Lane County, OR	363,000	\$600M	County administrator	Appointed	1.25	\$170K	By risk analysis by auditor, approved by audit board.	Auditor	Commission	Lane Code guarantees access.	Dismissal only on advice of Audit Committee.  County Commissioners appoint five voting members; five county managers serve ex-officio	Significant gaps in staffing the office historically.
Long Beach, CA	470,000	\$2.7B	City manager	Elected	22	\$2.7M	Auditor sets work plan and seeks input but not approval.	Head City Auditor	Submitted by Financial Management Dept and approved by city manager and council	Audit Standard - full access	Recall provisions  No requirement for audit committee	Minimum salary, CPA is required qualification, the auditor signs all checks .
Oakland, CA	420,000	\$1.3B	Mayor	Elected	10	\$1.9M	By auditor, in the public interest, or as required by council or mayor.	Auditor	Mayor/ Council	Audit Standards - full access	Recall provisions  No requirement for audit committee	Financial analysis of ballot measures, retaliation complaints, whistleblower protection, public financing audit, residency required, minimum salary. Auditor estimates that the office is staffed at 50% of necessary level.
Orlando, FL	277,000	\$1.2B (\$446M general fund)	Mayor	Appointed internal auditor. Contract external auditor.	5	\$746K (includes council support staff)	By auditor, approved by audit board.	Internal auditor	Council	Per contract for contractors, by ordinance for internal documents	Employment policies for employees. Contract termination for contracts.  Mayor appoints 5-member audit board	The majority of audits performed are for a unique program called a Municipal Public Services Tax Audit that charges taxes based on the use of certain utilities.

Government and Demographics				Auditor Office			Independence and Funding			Access	Accountability	Other Provisions
City	Population	City Budget	Who has executive authority?	Elected or Appointed	Size of Audit Office	Size of Audit Budget	How are audit topics decided?	Who has supervisory authority over audit staff?	Who determines the size of the audit budget?	Access provisions for – personnel, city records, contract records	Provisions regarding an audit committee, special provisions regarding work performance, recall, and similar measures	Duties, powers, budget, pay, etc
Phoenix, AZ	1,615,000	\$1.3B	City manager	Appointed	24	\$2.85 M	Auditor; approved by Audit Comm. with 15% reserved for un-planned requests.	Auditor	Auditor submits to City Manager, approved by Council	City code guarantees access; enforced by department heads and City Manager; all contracts include auditor access provision	At-will employee  9-member audit committee: Mayor appoints six (3 city councilors and 3 public) plus City Manager and 2 department heads	Current auditor appointed 4/2017, but previously served as Maricopa County Auditor (in Phoenix) for 22 years. In County position, he once needed to use outside counsel to access documents.
Portland, OR	640,000	\$4.2B	Mayor and 4 City Commissioners	Elected	11 in perf. audits plus direct or	\$2.5M	Auditor sets work plan and seeks input.	Auditor and Director of audit services	Submitted by auditor to city commissioners, bypassing budget office	Audit standards - full access in charter and code	State recall provisions  No requirement for audit committee; current auditor selects own “sounding board.”	Auditor supervises 8 departments: police auditor, hearing officers, elections, public records, lobbying regulation, and more. Gets minimum salary. Can seek outside counsel

## **Albany, New York**

Population is 98,000                      City Budget is \$177 million    Mayor has executive authority  
Elected Auditor has 4 performance audit staff and a \$421,000 budget

In a partisan election, Albany elects a City Auditor to a four-year term. With local elections dominated by the Democratic Party, the party primary election generally determines the winner of the general election. In the 8 years the office has existed, there have been 3 primary elections, two of which have been contested (both Democratic).

**DUTIES OF AUDITOR** The auditor supervises a staff of 3 additional personnel – a deputy required to be appointed by City Charter, and two analysts. The auditor must approve all payments by the city, which serves as an incentive for cooperation with this office.

**INDEPENDENCE** The auditor has sole discretion for determining audit topics, usually with discretionary input from the Council and other stakeholders. The auditor performs the audits in compliance with the Generally Accepted Government Auditing Standards, including provisions regarding a response from the audited entity. The office conducts follow up activities on audit recommendations and posts these reports. The office has a budget for outside consulting, including counsel, but generally relies on the Corporation Counsel (City Attorney) for legal services.

**ACCESS TO INFORMATION** The auditor does not have formal access language in the City Charter, other than general language authorizing audit activities. The office reports no problems getting access to records.

**ACCOUNTABILITY** There are no formal qualifications for office, other than residency in the city. The first auditor, who just left office, came from a planning background and only received a certification while in office. There are no provisions for recall or an audit committee.

**FUNDING** The budget is determined by the elected Auditor submitting a proposed budget to the Common Council, which approves it. In the words of the analyst currently filling in as auditor, “He doesn’t have to defend it in the same way as other departments, since he is elected,” per the civil service staff in the office. There is no formal language requiring this deference, however.

**OTHER UNIQUE PROVISIONS** The audit staff report that the system works well. They do not report significant resistance from city staff to the auditing function, and city responses to audits indicate compliance. The staff reported that short-staffing is a problem, as the most-recently elected auditor decided to leave before the end of his term, along with the deputy auditor appointed by him. If there’s a vacancy after July 1, there is no special election and apparently no authority to appoint an interim candidate. Thus, a vacancy can last 6 months.

## **Berkeley, California**

Population is 113,000      City Budget is \$160 million      City Manager has executive authority  
Elected Auditor has 13.5 performance audit staff and a \$2.3 million budget

Berkeley has an elected City Auditor. Candidates for the office must meet the same eligibility criteria as candidates for Mayor or City Council: US citizenship and residency and voting rights in the city of Berkeley. The City Auditor is a non-partisan seat elected on the General Municipal Ballot during non-Presidential election years (i.e., every four years). The City Council appoints to fill any surprise vacancy.

**DUTIES OF AUDITOR** Berkeley's City Auditor has the authority and responsibility to conduct performance and financial audits of all aspects of city government. By charter, the City Auditor must also countersign all city contracts.

**INDEPENDENCE** While the final decision about the audit plan rests with the Auditor, the Auditor must consult with the Mayor, City Council, and City Manager when selecting audit topics and must provide a planned audit schedule to the City Council at the beginning of each calendar year; however, this audit plan may still be modified later so long as notification is provided to the City Council. The Auditor's office is exempt from across-the-board budget cuts.

**ACCESS TO INFORMATION** Berkeley's city charter explicitly grants the Auditor unrestricted access to all city employees, officials, records, and reports, including the authority to compel any branch or department to provide files and documents.

**ACCOUNTABILITY** In addition to re-election every four years and recall potential, there are other checks on the authority of Berkeley's City Auditor. Per the City Charter, the mayor must annually hire an independent Certified Public Accountant to audit all city accounts and books, explicitly including the City Auditor's office, and the results of this audit must go to the Mayor, Auditor, City Manager, and City Clerk, but may or may not be released to the public. All audit results are required by the city charter to be made public.

**FUNDING** The City Charter allows the City Council to set the City Auditor's salary at anything above \$3,600 per annum and to provide sufficient funds for the office, subject to available resources.

**OTHER UNIQUE PROVISIONS** While not written into the charter, the City Auditor has historically utilized follow-up audits to motivate implementation and compliance with the goals of certain audits and to track the office's own effectiveness. The current City Auditor, Anne Marie Hogan, was first elected in 1994; since the city began archiving election results online in 2002, her seat has gone unchallenged.

## **Boise, Idaho**

Population is 223,000      City Budget is \$600 million    Mayor has executive authority  
Appointed Auditor is one of two performance audit staff with a \$232,000 budget

The City of Boise's Office of Internal Audit was established in 2003 by ordinance and code and it functions as an independent, objective assurance and consulting service. The Office strives to add value and improve the city's operations by bringing to bear a systematic and disciplined approach to the evaluation of risk management processes, activity-level controls, and governance processes.

**DUTIES OF AUDITOR** The Auditor investigates the effectiveness of controls that provide for the protection and safeguarding of assets as well as the reliability of Boise's financial information. The Auditor reports on the effectiveness and efficiency of internal processes and the level of compliance with internal policies and procedures, and also laws, rules, and regulations. Per Yellow Book standards, the Auditor puts emphasis and resources into the areas of risk that are either perceived or demonstrated. Open and effective communication ensures that the appropriate managers, governance authorities, and ultimately the citizens of Boise are kept informed of audit-related activities and findings.

**INDEPENDENCE** The Auditor is appointed by and reports to the six-member City Council. The mayor's input is requested on the hire. The Auditor has supervisory authority for its own staff and creates the annual work plan that is adopted by the city council and mayor. City Code states no person may unduly influence or undermine the independence of the auditor in the performance of the duties and responsibilities.

**ACCESS TO INFORMATION** All City employees are required as a condition of employment to cooperate fully and truthfully with the Office of Internal Audit by providing any information, evidence, interviews, or other materials. By code, the Auditor has complete access to any and all records including all electronic data or information maintained by the City of Boise and allowed by law. It is unlawful for any person to intimidate, influence, impede, deter, threaten, harass, obstruct or prevent, another person from freely, fully and truthfully cooperating with the Auditor's Office.

**ACCOUNTABILITY** The Auditor reports all findings to the City Council and Mayor, as well as provides quarterly activity reports. The Auditor can be dismissed for cause by a supermajority (5 of 6) of the City Council.

**FUNDING** The City Council sets the budget for the Auditor's office.

**OTHER UNIQUE PROVISIONS** Boise's auditor has a fiduciary duty to the public, per the city code.



## **Centennial City, Colorado**

Population is 110,000      City Budget is \$86 million      City Manager has executive authority  
Contracted performance auditor works within a \$296,000 budget

Centennial City, Colorado does not have any employees assigned to performance auditing. Uniquely, it conducts all performance audits by contract as directed by an eight-member Audit Committee.

**DUTIES OF AUDITOR** The duties are determined in each contract for an audit.

**INDEPENDENCE** An Audit Committee approves audit topics and directs the contracted performance auditing process for Centennial City. The Audit Committee oversees the annual financial audit required by City Charter in addition to other audit(s) that the City Council may request pursuant to the authority in the Charter.

**ACCESS TO INFORMATION** Access is established in the contract for the audit.

**ACCOUNTABILITY** Performance standards are set in each contract. The Audit Committee provides oversight and reviews audit findings prior to presenting them to the City Council. The Audit Committee is comprised of the Mayor, one council member appointed by the City Council, the City Manager, Finance Director, a staff member appointed by the Finance Director, the City Attorney, and two city residents with relevant business experience appointed by the City Council.

**FUNDING** The City Council approves the audit budget.

**OTHER UNIQUE PROVISIONS** The usefulness of this model is limited, as \$260,000 of the city's \$296,000 audit budget is directed to sales tax audits, which is not a significant source of revenue for Eugene.

## **Denver, Colorado**

Population is 700,000                      City Budget is \$1.2 billion                      Mayor has executive authority  
Elected Auditor has 51 performance audit staff and a \$4.5 million budget

Denver is a merger of both city and county governments. While the mayor has executive authority, 13 elected City Councilors pass ordinances, approve the budget and can take whistleblower complaints. Denver's budget includes the Denver Airport as well as Denver Water.

**DUTIES OF AUDITOR** While an elected auditor has been part of Denver for decades, charter amendments in 2005 shifted former payroll and financial management functions to an Office of Controller. The auditor's new role included performance, financial and IT audits, as well as assurance that all contracts with Denver pay prevailing wages for employees. The auditor can receive whistle-blower complaints. The Denver Audit Office characterizes its work as "integrated" auditing. The auditor's office states that with proper planning, their work annually covers all aspects of the city.

**INDEPENDENCE** The charter states no ordinance passed by the city council may compromise the independence of the auditor. Although Denver's web site says the city attorney provides counsel to the auditor, the auditor can also hire independent legal counsel. One of the current auditor's five appointees is an attorney who provides internal legal counsel to the office. The office does its own HR.

**ACCESS TO INFORMATION** The charter assures access to city records, personnel, and all contracts. The auditor countersigns all of Denver's contracts ensuring access language in those contracts.

**ACCOUNTABILITY** Denver follows Generally Accepted Government Accounting Standards. The charter requires a seven-member audit committee that is chaired by the auditor; the other six members cannot be government employees. The mayor, city council and the auditor each appoint two members to the audit committee. The committee receives audit reports and the members report back to the entity that appointed them to their four-year terms. All reports are public and are posted on the web. Each year, the audit committee commissions an external financial audit of Denver's finances.

**FUNDING** The charter amendments require Denver's council to ensure sufficient funding for the auditor's office to perform its powers and duties. Denver's council funds the auditor's office as a balance to the power of the mayor. In the last years of the previous auditor, the office's salaries were not kept apace so the recent budget under the new auditor grew by almost \$1 million to sufficiently raise salaries.

**OTHER UNIQUE PROVISIONS** Denver's follow-up audits result in strong implementation of the recommendations that are agreed to by the audited entity. Each report sets a follow-up date 9-24 months later. Denver says this practice gives assurance of continuous quality improvement activities and that the audited agencies are finding the audit recommendations relevant, feasible and worthwhile. Denver's audit office says it does not visit the same issue twice. By charter, an auditor may only serve three four-year terms. The elections when there is no incumbent are contested, but incumbents have not been opposed.

Denver's court system (not the Colorado state courts) is currently in a legal dispute with the auditor about whether his office has the authority to audit the court's governance structure and examine the court's processes including administration and collection of fines and penalties.

## **Eugene, Oregon (Proposed Ballot Measure)**

Population is 167,000      City Budget is \$676 million      City Manager has executive authority  
Elected Auditor has about 3 performance audit staff and a \$670,000 budget

The group called City Accountability has proposed charter amendments to establish an Office of the Independent Auditor for the City of Eugene. The elected auditor will provide objective, timely and accurate information about city operations to promote improved decision-making, service delivery and cost savings, as well as improve transparency and accountability to the public for city operations.

**DUTIES OF AUDITOR** By charter, the auditor conducts financial, compliance, performance, special studies or other audits of all aspects of the city's government operations. The auditor also oversees any audits contracted for and funded by the city. By charter, the auditor maintains a website with audits and reports and establishes a whistleblower hotline.

**INDEPENDENCE** The auditor is non-partisan, serves a four-year term and is responsible to the voters. The auditor supervises all staff in the auditor office and can secure independent legal counsel or the help of other professionals. The auditor prepares a work plan and seeks review and comment, but not approval, from the public, the City Council and the City Manager.

**ACCESS TO INFORMATION** By charter, the auditor has access to all records, personnel and contracts. All city contracts will include a "right to audit" clause. By charter, the auditor may subpoena records, if necessary.

**ACCOUNTABILITY** To run for office, the auditor must be certified and have five years of recent experience. The auditor may be recalled. The auditor will follow Generally Accepted Government Accounting Standards. All reports and audits will be posted publicly. Nothing in the charter amendments prohibit an audit committee, but none is required and no protocol is set for the committee's selection. The auditor is not subject to the attendance requirements of the Mayor and Council. The auditor need not be a city resident before or during her tenure, unlike the Mayor, Councilors, and City Manager.

**FUNDING** The auditor prepares a budget for the office that is not less than 0.1% of Eugene's total annual budget. The proposed charter amendments also set the auditor's compensation (not less than 70% of the average of the salaries of the Eugene city manager, Salem city manager and EWEB general manager) and benefits.

**OTHER UNIQUE PROVISIONS** The auditor will follow up to determine if corrective action by audited entities was taken. The proposal does not specifically state that EWEB is subject to the auditor's jurisdiction, but it implies so through language giving supremacy to the petition language over any other provision of the Charter. The auditor shall be provided time on City Council agenda whenever requested by auditor.

## **Eugene, Oregon (2002 Citizen Charter Review Committee)**

Population is 167,000      City Budget is \$676 million      City Manager has executive authority  
Appointed Auditor has no audit staff and a probable budget of ~\$150,000

The 2002 Eugene Charter Review Committee recommended a charter amendment to establish a City Council-appointed performance auditor. The committee felt that a single auditor would be sufficient, pursuant to a recommendation by then-Portland City Auditor Gary Blackmer.

**DUTIES OF AUDITOR** By charter, the auditor would conduct or contract audits intended to measure or improve city functions following generally accepted government auditing standards.

**INDEPENDENCE** The committee wanted to ensure both independence and accountability. Independence was to be ensured by having the auditor report to the City Council, rather than the City Manager. The auditor would have a work plan based on GAGAS, reviewed and approved by an audit committee. The audit committee composition to be “the city manager and other members as defined by the ordinance” in the charter language. Other language in the recommendation specified that the composition should be the Mayor, 3 City Councilors, 2 City Budget Committee lay members, and the City Manager.

**ACCESS TO INFORMATION** The proposal was somewhat oblique, but specified in its comments (but not the charter language) that one of the duties of the audit committee was to mediate between the audited entities and the auditor.

**ACCOUNTABILITY** The auditor was to be an at-will employee of the Council, which could remove the auditor with or without cause. Candidates would be required hold a certification as a CPA, CIA, CMA, or “relevant certification” throughout their tenure. The auditor will follow Generally Accepted Government Accounting Standards. All reports and audits will be posted publicly.

**FUNDING** The proposal did not specify a particular budget or minimum salary. Taking the County auditor as an exemplar of the costs of operating a small office, a figure of \$150,000 is an approximation of the cost. The Council would determine the budget, which might be greater if that year’s audit plan included a number of contracted audits.

**OTHER UNIQUE PROVISIONS** The audit committee would review candidates for the auditor position and forward them to the City Council.

## **Lane County, Oregon**

Population is 363,000 Budget is \$600 million County Administrator has executive authority Appointed Auditor has 1.25 performance audit staff and a \$170,000 budget

Operating under a home rule charter, Lane County has a five-member Board of County Commissioners, who are elected from five districts.

**DUTIES OF AUDITOR** The auditor is authorized by county code to conduct performance audits for all departments, offices, activities, and programs under the control of the County, including operational, compliance, and information systems. Additionally, the auditor is authorized to perform special reviews and investigate allegations of misuse of county assets or resources.

**INDEPENDENCE** The auditor reports directly to the Board of County Commissioners and is hired and dismissed by the Board. Thus, the auditor does not report to the County Administrator or other management personnel. A board-appointed audit committee advises the Commissioners on hiring and dismissal. After input from the audit committee, the auditor must seek approval from the Board of County Commissioners on the annual audit plan, instead of having the authority to decide which audits to perform.

**ACCESS TO INFORMATION** Lane County's code guarantees access to personnel, records and contracts.

**ACCOUNTABILITY** An audit committee advises the Board of County Commissioners on significant audit matters and provides oversight over the auditor and auditor's office. The audit committee ensures that the auditor is maintaining independence and objectivity, following government auditing standards, and conducting audits and issuing reports. The County Commissioners appoint the five voting members to the audit committee: four at-large citizen members and one Commissioner. Five ex-officio non-voting members (held by county management) also serve on the committee. The auditor must have a bachelor's degree in public policy, public administration, accounting, business administration, economics or a related field and five years of progressively responsible related experience.

**FUNDING** The requested budget is reviewed by the audit committee, and the committee advises the Board of County Commissioners on the requested budget. Unstable funding historically created significant gaps in staffing Lane County's auditor office.

**OTHER UNIQUE PROVISIONS** Lane County's structure follows an internal auditor structure that allows the auditor to be part of the team, which may increase the ability of the auditor to build trust and relationships with staff and management in the programs and departments under audit. Lane County's recently retired auditor noted that trust and relationship-building can be very important. Not only does it help the auditor conduct valuable performance audits that provide useful information and conclusions about a program but also relevant and appropriate recommendations.

## **Long Beach, California**

Population is 470,000      City Budget is \$2.4 billion      City Manager has executive authority  
The elected auditor the department has 17 support staffers, and has a \$3 million budget

Long Beach has a Council-Manager structure similar to Eugene. There are nine councilors, who have the authority to appoint the City Manager and the City Clerk, and are responsible for budget approval. The city budget includes the airport, the harbor, and water, gas, and oil services.

**DUTIES OF AUDITOR** The Long Beach auditor's office has been around since 1908, and performs a wide variety of duties. On the financial side these include overseeing the Comprehensive Annual Financial Report, performing quarterly treasury audits, a review of all city disbursements (every check must be signed in the auditor's office), and processing wage garnishments. While these are the only duties prescribed explicitly by the charter, other audits are not prohibited and in practice the office also does performance audits of departments as the auditor deems fit, and maintains several performance auditors on staff. An annual work plan guides the process, with direction from City Council. The office also maintains a fraud hotline. In 2016 the office performed a total of 14 audits.

**INDEPENDENCE** The auditor has full authority to appoint all employees within the auditor's office, and such appointees serve at the pleasure of the City Auditor. Since the auditor is elected by a city-wide vote, neither Council, the Mayor, or the City Manager have any authority over the staffing of the auditor's office at any level. In 1979 a charter amendment was proposed that would have restricted the auditor to financial audits only, prohibiting performance audits, but the council unanimously voted to reject the amendment in the interest of maintaining independence for the office.

**ACCESS TO INFORMATION** The charter specifies that "The City Auditor shall have the right of immediate access to all financial records of the City."

**ACCOUNTABILITY** Long Beach follows generally accepted government accounting standards, and the auditor is subject to a triennial peer review. In order to be eligible to run for the office of auditor, the candidate must be a licensed CPA in the state of California, and must have held that certification for a minimum of five years. The charter requires audit reports to be filed with the City Clerk when completed, and reports are also posted publicly online, as is the annual audit plan, and an annual summary of the prior year's audit results.

**FUNDING** The City Council is in charge of approving a budget, with the City Manager obligated to propose one for their approval. There are no explicit charter-defined minimums for the auditor's budget that must be adhered to.

**OTHER UNIQUE PROVISIONS** The City Auditor is not term limited, even though City Councilors and the Mayor are limited to two terms each. Myrtelle Gunsul served as auditor from 1919 until her retirement in 1951, and is the longest serving elected official in the city's history. Long tenures have been common, with Ms. Gunsul being the first of only six auditors to hold the office in the last 98 years (since her first election).

## **Oakland, California**

Population is 420,000      City Budget is \$1.3 billion      The Mayor has executive authority  
Elected Auditor has 10 performance auditors and two administrative staff and a \$1.9 million budget

Oakland's residents elect the City Auditor every four years.

**DUTIES OF AUDITOR** In addition to performance audits, the Auditor reports fraud, waste, retaliations and complaints as well as "kickbacks." If any wrongdoing becomes a criminal act, the matter is then referred to the Office of District Attorney. All other evidence of wrongdoing may follow the City's personnel directives or other standards for discipline. The Auditor's style is one of "collaborative change agent." Oakland's Auditor Office believes this style of leadership is preferred because it eliminates walls and encourages transparency.

**INDEPENDENCE** No one within Oakland's administration can influence what is reviewed or audited. The City Charter gives the office the authority to audit "anything" in Oakland's City government. The City Auditor works for all Oakland's residents and does not work for any other division or departments.

**ACCESS TO INFORMATION** The City Charter provides full access.

**ACCOUNTABILITY** Eight of the ten audit staff (including the elected auditor) are certified auditors. All audits are performed according to the Generally Accepted Government Auditing Standards (GAGAS). Audits are shared with the administration that is kept informed every step of the process in order to clarify and provide assistance when recommendation/s are submitted.

**FUNDING** The Mayor proposes a budget and the City Council decides collaboratively with its Lay Budget Committee Members. The Office of the City Auditor states it is currently staffed at 50% of a required level for a city of Oakland's size. The auditor's budget is 0.15% of the total city budget.

**OTHER UNIQUE PROVISIONS** The Office of the Auditor consistently performs follow-up to ensure compliance with recommendations. Unpaid Master Fellows students and the assistance of college interns are assets to the Audit Office.

## **Orlando, Florida**

Population is 277,000      City Budget is \$1.2 billion      Mayor has executive authority  
External auditors are appointed; internal auditor is a city employee with 5 staff. Has a \$746,000 budget.

Orlando's audit program, the Office of Audit Services and Management Support, is a combination of in-house and external auditing.

**DUTIES OF AUDITOR** Orlando's internal auditor supervises a staff of five and coordinates the city's audits. The auditor performs independent, objective assurance and advisory activities designed to add value and improve the City's operations. The auditor also operates a fraud, waste and abuse hotline.

**INDEPENDENCE** The auditor determines the audit topics as approved by the audit board that is appointed by the mayor.

**ACCESS TO INFORMATION** City ordinance provides access for the internal audits that are conducted. Contractors have access as specified in contract.

**ACCOUNTABILITY** Orlando states that it follows generally accepted government accounting standards. The mayor appoints the audit board comprised of five community members. The audit board oversees the financial and other reporting practices and safeguards the independence of the audit process.

**FUNDING** The City Council approves the auditor's budget.

**OTHER UNIQUE PROVISIONS** The majority of audits are for a unique program called a Municipal Public Services Tax Audit that charges taxes based on the use of certain utilities.



## **Phoenix, Arizona**

Population: 1,615,000      City Budget: \$1.278 billion      City Manager has executive authority  
The appointed auditor has 24 performance audit staff plus support staff and a \$2.85 million budget.

Phoenix, a large city, has a strong city manager form of government. The City Auditor position has existed since at least 1914, but Phoenix's administrative structure and the duties of the Auditor have evolved. Voters adopted the current strong City Manager structure in 1948, in large part to insulate city staff from political favoritism and partisan politics.

**DUTIES OF AUDITOR** The charter provides that the Auditor shall prescribe "the use of plain and uniform systems of keeping books of accounts." City code expands the Auditor's role to include the authority to carry out performance audits in addition to financial, internal control and contract compliance.

**INDEPENDENCE** The Auditor, appointed and supervised by the City Manager, is an at-will employee. The Auditor has hiring and supervisory authority for all auditing staff. An annual work plan, based on a risk assessment, is considered, modified and then approved by a nine-member Audit Committee.

**ACCESS TO INFORMATION** The Phoenix Charter provides the Auditor "shall at all times have access to and may inspect" all financial records of the City. City Code also prohibits any city employee from interfering with "the initiation, scope, timing or completion" of an audit, and guarantees the Auditor's right to access records, documents, whether hard-copy or electronic, relating to the department, office or program being audited. All contracts include an auditor access provision.

**ACCOUNTABILITY** Auditor follows generally accepted government accountability standards. The Audit Committee consists of three City Councilors and three public members, all appointed by the Mayor, plus three members of City Staff: the City Manager, the Finance Department Director and the Budget & Research Department Director. In FY 2016-17, the Auditor and audit staff completed 82 audits.

**FUNDING** The budget is set through the normal budgeting process: Auditor proposes, City Mgr. reviews, then Budget Committee, and then final approval by City Council. FY 2017-18 budget is \$2.85 million; Auditor currently has authorization for 24 performance audit staff, plus support staff

**OTHER UNIQUE PROVISIONS** Auditor keeps 15% of staff capacity reserved for high priority audit activity that emerges during the year. The Auditor oversees a hearing officer who handles seized property, false alarm and loud party penalties. Auditor also oversees a whistle-blower "Integrity Line" program, open to City employees, residents and contractors, that accepts complaints of fraud, waste and abuse by City employees and contractors. In FY 2016-17, 92 complaints were resolved, 17 of which were proven.

The current City Auditor was appointed in April of this year, but previously served as the Auditor for Maricopa County (which includes Phoenix) for 22 years. At the County, he once had to obtain outside counsel in order to pressure Sheriff Joe Arpaio to provide access to documents needed for an audit. The previous City Auditor had been in that position for many years and had served on the City's audit staff since 1989. Both the current and former City Auditors are former Presidents of the Association of Local Government Auditors (ALGA).

## **Portland, Oregon**

Population is 640,000      City Budget is \$4.7 billion      City Commissioners have executive authority  
Elected Auditor has 11 performance auditors (50 overall in the office) The Audit Division budget is about \$2,086,000 in addition to \$480,000 for an outside audit of finances.

Portland has a unique governance structure. The mayor and four non-partisan “commissioners” are elected at-large to four-year terms. The mayor assigns each commissioner and him/herself to be the administrator of a city bureau and may change these assignments at any time. City Commissioners are responsible for enacting and enforcing city ordinances, and they are salaried.

**DUTIES OF AUDITOR** In 1868, Portland voters established the Office of City Auditor, the Auditor who was independently elected to a four-year term. With passage of charter amendments, the latest in 2017, the Auditor now supervises and may conduct performance audits on all city entities and their use of public resources. The expanded auditor’s responsibilities include eight divisions: audit services, performance and financial, city ombudsman, independent police review, elections, city archives and records, council clerk, and lobbyist registration.

**INDEPENDENCE** The auditor selects what to audit with input from the public. To encourage and support Management, the auditor provides a draft of the audit report and draft recommendations. If there are major issues, the auditor takes them into consideration. The auditor does not want to take on the role of management, so recommendations are broad and flexible allowing department management to determine how to meet the goals. The Portland Auditor retains independent legal counsel and is in charge of its own procurements and human resources.

**ACCESS TO INFORMATION** Access to information is found in the city charter: the auditor “shall have timely access to all employees, information and records required to conduct an audit or otherwise perform audit duties, including confidential and legally privileged information and records so long as privilege is not waived as to third parties.” The city code has similar provisions which may be amended to conform with legislative action in 2017.

**ACCOUNTABILITY** Candidates for Auditor must have a CPA or Certified Internal Auditor to qualify to run for the position. In the past 25-30 years, five different individuals have served as auditor. The Auditor states they run on a “no surprises” basis. The current Auditor requests volunteers to serve as her “sounding board” which is not required. The 2017 Charter amendments require the Auditor’s Office to have adequate internal controls, comply with all applicable laws, operate efficiently, and periodically undergo reviews by outside entities.

**FUNDING** The auditor must submit and gain approval from the City Council of its annual budget, but it does not have to seek review by the city’s budget office. This may provide some checks and balances to the extensive authority of the auditor. The auditor would like more control over the budget. Some observers question that the auditor is elected but appears in the Portland Budget document along with other bureaus.

**OTHER UNIQUE PROVISIONS** To place an issue on the ballot, the auditor may collect adequate signatures to qualify. The City Commissioners at the Auditor’s request placed the 2017 Charter Changes on the ballot.