Date: January 17, 2025

To: The Auditor's Office

From: Annie Von Burg, Assistant City Administrator, and Jonas Biery, Deputy City Administrator, Budget & Finance Service Area

Subject: Management response for the Hotline report recommendations

Thank you for sharing the report from the Fraud Hotline review of alleged waste in Civic Life's handling of a grant compliance issue with the nonprofit organization East Portland Neighbors. We appreciate your review and providing us with the opportunity to respond to the recommendations. Overall, we agree with the recommendations of this report and are encouraged that with the new form of government we have more opportunities to improve coordination and address areas of inefficiency. We have taken important steps to address this issue and will continue to do so.

The recommendations and responses are listed below.

To address the inappropriate use of a procurement card:

1. **Civic Life should ensure that staff with procurement card responsibilities are trained in and understand procurement card policies and prohibited uses of procurement cards.**

Response: All Civic Life and other City staff who have a PCard or are approvers for PCard holders are required to complete a training and pass a test in City Learner exam with a score of 80% or higher. Aaron Thompson, P-Card Program Coordinator, confirmed that all Civic Life staff have gone through the training and are in compliance.

To strengthen grantee compliance and improve efficiency in resolving grantee non-compliance issues:

2. **Civic Life should collaborate with the Assistant City Administrator and the rest of the City Administrator's Office Service Area to clarify and document procedures for addressing grantee non-compliance and dispute resolution for decisions that are at the discretion of the Service Area.**

Response: To strengthen grantee compliance and improve efficiency in resolving grantee non-compliance issues, the city took an important step in September 2024 when Council passed the Outgoing Grants Administration Policy (ordinance language below). This policy increases city wide coordination, tracking and monitoring. The Grants Management Division will take the lead on developing procedures for addressing grantee non-compliance and dispute resolution. The Grants Management Division is currently establishing general concepts and enhanced processes for administering and managing outgoing grant programs, including protocols for investigating and communicating grant compliance issues. Civic Life will work closely with the Grants Management Division to implement these new procedures.

The City Administrators Office Service Area will get regular updates on the progress of implementing these new citywide procedures.

3. **The Grants Management Division of the Budget & Finance Service Area should include the following as it develops guidelines to address grant agreement non-compliance and dispute resolution issues:**
    a. **Guidance for documenting grantee non-compliance and for deciding and documenting which remedies to pursue.**
    b. **A process for sharing relevant information about grantees and fiscal sponsors across the City, ensuring information is also available for outgoing grants programs that are not included in FIN 6.17 (for example, PCEF grants).**
    c. **Guidance for when and how grantees and fiscal sponsors can be removed as vendors Citywide.**

The Grants Management Division will coordinate with the Controller, AP Manager, and the City Attorney's Office to develop the procedures. The procedures will be drafted and shared with the Grant Makers Group for input. The Grant Makers Group includes representatives from all city bureaus with outgoing grant programs. After input from the Grant Makers Group the final draft will be sent to the ACA and the Budget and Finance DCA for review, approval and implementation.

Per city policy Webgrants is the City's designated grant tracking software for all outgoing grants. All bureaus will be required to utilize Webgrants as of 7/1/25. The procedures will be finalized to align with the 7/1/25 requirements to use Webgrants. Implementation will involve:

- sharing the procedures with the Citywide Grant Makers Group, Business Operations Leadership Team and Enterprise Leadership Team.
- updating grant application and award templates.
- including the procedures in the Outgoing Grant Policy and Procedures Manual currently being developed.

On September 4, 2024, Portland City Council adopted FIN 6.17, City of Portland, Outgoing Grants Administration Policy. Below are the Roles and Responsibilities of the policy.

Roles and Responsibilities from the Outgoing Grant Policy, FIN 6.17

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Roles and Responsibilities

1. City Council: The City Council approves funding for grant programs through the annual budget process, the budget monitoring process, or through a special ordinance.

2. Mayor: The Mayor or the Mayor's designee authorizes the City Services Areas to enter into individual grant agreements.

3. Grants Management Division:

a. Collaborate with City leadership to establish the criteria for tracking and monitoring outgoing grant funds to ensure public funds are distributed and used in alignment with the City's mission, priorities, equity goals, core values, and applicable laws and regulations.

b. Establish general concepts and processes for administering and managing the outgoing grant programs.

c. Administers Webgrants software and provides technical assistance to project managers in each Service Area.

d. As needed, initiates independent audits on grants to determine compliance with policy, financial, and performance requirements.

e. As requested, provides technical assistance to Service Areas. EXHIBIT A

f. Periodically review and revise this policy as necessary to ensure the grants program remains aligned with the City's goals, applicable laws and regulations, and grant-management best practices.

g. As assigned, the Grants Management Division oversees and administers a portfolio of grant programs funded by other City Service Areas.

Thank you again for sharing this report and the opportunity to address this important issue. If you need any further assistance or information, please let us know.

Thank you,

Annie Von Burg and Jonas Biery