



September 9, 2021

To: Mayor Wheeler
Commissioner Mapps
Commissioner Rubio
Commissioner Hardesty
Commissioner Ryan

Cc: Jessica Kinard, Budget Office Director
Christy Owen, Assistant Budget Director

From: City Auditor Mary Hull Caballero

Re: Fall Budget Monitoring Report

Operating Budget Reconciliation

The Auditor's Office Fall Budget Monitoring Report shows that the Office was within the spending plan for Personnel Services and Internal Materials and Services and under budget for External Materials and Services for Fiscal Year 2020-21.

Independent Police Review Staffing Moves

Adequate staffing for police oversight in the Auditor's Office is required by City Code and the U.S. Department of Justice settlement agreement. Maintaining that staffing continues to be a challenge without a plan from Council for transitioning the work of Independent Police Review to the new voter-approved police accountability board.

It is in the City's interest to retain the expertise of Independent Police Review employees or position itself to fill vacancies more readily with qualified employees by providing a clear understanding of their long-term employment prospects. The Justice Department also shares this interest and has requested a durable transition plan from the City to remedy the City's non-compliance with the settlement agreement.

Council committed in a Fiscal Year 2021-22 budget note to maintain 14 positions currently assigned in the Auditor's Office to police oversight as ongoing and permanent "within the Auditor's Office or elsewhere in the City." What's missing is a plan to implement the budget note, and there are current and pending staff vacancies in Independent Police Review that need to be filled.



In the absence of a transition plan from Council and to meet the City's obligations for police oversight, I have identified seven management and support positions to retain based on Council's commitment in the budget note and related statements made on behalf of the City in legal proceedings and documents. The Office of Management and Finance concurrently has agreed to help identify future employment opportunities for seven investigators elsewhere in the City.

Of the seven positions that will be retained in the Auditor's Office, I have reassigned one vacant and one filled position from Independent Police Review to Audit Services to ensure obligations for analytical reports and data-gathering and reporting can be met. Existing staff in Audit Services will be assigned appropriate tasks to shore up Independent Police Review while the vacant position is being filled. I also have moved one filled administrative position from Independent Police Review to Operations Management to ensure administrative tasks are covered by the existing employee or others in Operations Management. The four remaining positions will be reassigned as circumstances evolve.

Transfer to Auditor's Reserve Fund

City Council directed in a Fiscal Year 2019-20 budget note that the City Budget Office create a sub-fund for the Auditor's Office within the General Reserve Fund (Auditor's Office Reserve Fund). The Budget Office is directed to transfer annually during the Fall Budget Monitoring Process to transfer prior year underspending in the Auditor's Office to the Auditor's Office Reserve Fund to be used for the Auditor's Charter obligations and priorities. The total amount of the sub-fund is not to exceed \$500,000. Included in this submission is a transfer request of \$93,410 to the Auditor's Office Reserve Fund.

Encumbrance Carryover Request

The Auditor's Office requests approval to carryover \$52,846 from Fiscal Year 2020-21 to fund an encumbered contract for the Portland Archives and Records Center. The purchase order included in this request is related to work that was planned for completion during Fiscal Year 2020-21 with labor that will continue in Fiscal Year 2021-22. The carryover request is for a project to replace numerous light fixtures with LED lamps at the facility.

Another encumbrance carryover request is an interagency agreement transfer of \$62,826 between the Office of Management and Finance and the Auditor's Office to pay for remaining expenses related to a security improvement project on the third floor of City Hall. The project experienced unanticipated delays in Fiscal Year 2020-21, but completion of the work is expected this fiscal year.

AU - Office of the City Auditor

DP Type

Encumbrance Carryover

Request Name: 12629 -Encumbrance Carryover Request

Package Description

The Auditor's Office requests to carryover \$115,672 from the prior fiscal year to funding the following encumbered contracts: 1). \$52,846 to PREM for a Portland Archives and Records Center LED Relamp project and 2). \$62,826 to Richard Terriere Construction for a security improvement project in City Hall.

Service Impacts

Equity Impacts

CBO Analysis

	2021-22 FALL Requested Adj	Fall Adopted Total
External Materials and Services	52,846	0
Internal Materials and Services	62,826	0

	2021-22 FALL Requested Adj	Fall Adopted Total
General Fund Discretionary	115,672	0

AU - Office of the City Auditor

DP Type

Technical Adjustments

Request Name: 12644 -Transfer to Reserve Fund

Package Description

Beginning in FY 2019-20, City Council directs the City Budget Office to create a sub-fund in the General Reserve Fund. Annually, as part of the Fall Supplemental Budget Process, CBO is directed to transfer prior year underspending in the Auditor's Office to the sub-fund for the purpose of funding duties as charter-mandated or agreed to by the City Auditor. The total amount of the sub-fund shall not exceed \$500,000. Any excess underspending of the Auditor's Office shall be included in General Fund year-end underspending.

Service Impacts

Equity Impacts

CBO Analysis

	2021-22 FALL Requested Adj	Fall Adopted Total
Contingency	93,410	0

	2021-22 FALL Requested Adj	Fall Adopted Total
Interagency Revenue	0	0
Fund Transfers - Revenue	93,410	0

Prior Year Fund Reconciliation Report

Office of the City Auditor

100 - General Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Personnel	7,084,179	6,980,915	98.54%
External Materials and Services	1,634,675	1,241,882	75.97%
Internal Materials and Services	2,902,121	2,792,699	96.23%
TOTAL EXPENDITURES	11,620,975	11,015,496	94.79%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Charges for Services	100,665	107,762	107.05%
Miscellaneous	6,500	0	0%
General Fund Discretionary	7,148,708	0	0%
Interagency Revenue	0	0	
General Fund Overhead	4,365,102	0	0%
TOTAL REVENUES	11,620,975	107,762	0.93%

Expenditure Discussion

Auditor's Office expenditures were within the spending plan for Personnel Services and Internal Materials and Services. Expenditures for External Materials and Services (\$392,793) were below budgeted amounts. The savings are attributed to a limited use of professional services, including the City's external financial audit and outside review of officer-involved shootings and in-custody deaths. Additional underspending is the result of a delay with a security improvement project for the third-floor offices in City Hall, which is still in progress. Also, in general, operational spending remained low across the office due to the COVID-19 pandemic.

Revenue Discussion

Revenues were slightly above the spending plan in Charges for Services because of the Election's Office's enforcement of campaign finance regulations. Miscellaneous revenues were down because of less copying and fee activity associated with records requests during the ongoing closures of City buildings during the COVID-19 pandemic.

Other Notes

FY 2020-21 Budget Note Update

Auditor's Office

Date of Budget Note: July 1, 2019 in the Fiscal Year 2019-20 Adopted Budget

Budget Note Title: Auditor's Office Prior Year Underspending

Budget Note Language: Beginning in FY 2019-20, City Council directs the City Budget Office to create a sub-fund in the General Reserve Fund. Annually, as part of the Fall Supplemental Budget Process, CBO is directed to transfer prior year underspending in the Auditor's Office to the sub-fund for the purpose of funding duties as charter-mandated or agreed to by the City Auditor. The total amount of the sub-fund shall not exceed \$500,000. Any excess underspending of the Auditor's Office shall be included in General Fund year-end underspending.

Summary Status: Underway

Budget Note Update: September 9, 2021

The total amount of the sub-fund shall not exceed \$500,000. Included in this submission is a transfer request of \$93,410 to the Auditor's Office Reserve Fund.