

12/20 Meeting



MULTNOMAH COUNTY OREGON

MULTNOMAH COUNTY CHARTER REVIEW COMMITTEE

1120 S.W. Fifth Avenue
Suite 1500
Portland, Oregon 97204
(503) 248-3525

PUBLIC MEETING NOTICE

MEMBERS

Ann Porter, *Chair*
Mark Johnson, *Vice-Chair*
Florence Bancroft
Lana Butterfield
David J. Chambers
Liberty Lane
Monica Little
Bruce McCain
Paul Norr
Marcia Pry
Casey Short
Nicholas Teeny
LaVelle VandenBerg

STAFF

William C. Rapp
Administrator
Shirley Winter
Secretary

Wednesday, December 20, 1989
7:00 p.m.

Multnomah County Courthouse
1021 S.W. Fourth Avenue, Room 602 (Board Room)
Portland, Oregon 97204

AGENDA

1. Invited Testimony on the Auditor's Office

Jack Horner, Multnomah County Planning and Budget
Manager

Barbara Clark, City of Portland Auditor
Jewell Lansing, former City and County Auditor
Alan Purcell, Washington County Auditor

2. Public Testimony

3. Committee Business

Approval of 12/13/89 Minutes
Other Business

TENTATIVE FUTURE MEETINGS

January 3: Charles Cameron, WA. Co. Administrator
Mike Swanson, Clack. Co. Chief Exec.
Officer
Gordon Tiffany, Clark County Executive

January 10: Multnomah County Department Heads
Members of 83-84 Charter Review Committee

January 17: City/Metro Representatives (at PCC/Cascade
Campus-North Portland)

January 24: Multnomah County State Legislators

February 17: All Day Work Session on Staff Report



MULTNOMAH COUNTY OREGON

MULTNOMAH COUNTY CHARTER REVIEW COMMITTEE

1120 S.W. Fifth Avenue
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MINUTES

DECEMBER 20, 1989

MEMBERS

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STAFF

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Shirley Winter
Secretary

Pursuant to notice by press release to newspapers of local circulation throughout Multnomah County and on the mailing list of the Committee, a public meeting of the Multnomah County Charter Review Committee was held at the Multnomah County Courthouse Board Room, 1021 S.W. 4th Avenue, Portland, Oregon. The meeting convened at 7:04 p.m.

Members Present

Mark Johnson, Vice-Chair
La Velle Vanden Berg
Liberty Lane
Florence Bancroft
Bruce McCain
Paul Norr
Marcia Pry
Monica Little
Lana Butterfield

Members Absent

Ann Porter, Chair
David J. Chambers
Casey Short
Nicholas Teeny

Invited Testimony

Jack Horner, Mult. Co.
Planning & Budget Mgr.
Barbara Clark, City of
Portland Auditor
Jewell Lansing, former
City & County Auditor
Alan Purcell, Washington
County Auditor
Anne Kelley Feeney, former
County Auditor
Dan Ivancie, County Auditor

Staff Present

Bill Rapp, Administrator
Donna Tucker, Secretary

INVITED TESTIMONY:

Jewell Lansing, former City and County Auditor

Ms. Lansing briefly reviewed her background. She served as Multnomah County Auditor from 1975-82, Auditor for the City of Portland from 1983-86, and is presently an adjunct professor at Lewis & Clark College in the field of performance auditing.

Ms. Lansing began her presentation by making the following remarks:

1. The concept of local government auditors, especially performance auditors, is very recent.
2. The tri-county area and the City of Portland are national leaders in the use of performance auditing and in having elected officials be responsible for the auditing function.
3. It is more common to have an auditor report to the council and appointed by the legislative branch of the government. She believes that this would not be appropriate for Multnomah County.

In 1988 Ms. Lansing spent three months performing an in-depth study of the county charter. She gave the committee a letter she wrote as a result of that study entitled "Letter to Board of County Commissioners," dated November 2, 1988 (pages 5-17). This letter recommends that the county adopt new code provisions for the county auditor's office.

Lansing noted that in 1986, the City of Portland passed a measure updating the Portland charter to provide for a performance auditor and also revised the city code to specify how the work will be carried out; this is something that has not been done by Multnomah County, but is not the responsibility of the charter review committee.

Lansing also submitted to the committee a document entitled "Report to Board of County Commissioners" dated November 23, 1988. This letter discusses three proposed charter amendments regarding the auditor's office, each addressed in a separate attachment:

1. Attachment "A" addresses qualifications of future county auditors. Lansing noted that the charter has been amended to provide for these changes and are only now in the process of being carried out. Therefore, it would be unwise for the committee to involve itself in this at this time.
2. Attachment "B" assigns the county auditor (contingent on "A") responsibility for monitoring the work of outside auditors. Lansing stated that because the county auditor's office is in a state of flux, this is not the time to assign new duties.
3. Attachment "C" prohibits the auditor from running at any time for another county office without resigning. Another provision in the charter states that no elected official may run for another office during his term, excepting

the last year of his term in office. Lansing believes that the auditor should not be allowed to run at any time during the term in office without resigning because of the importance of the appearance of objectivity. Again, however, now may not be the best time to make this change.

Lansing also noted that the two-term limit should be reconsidered at some point; to limit an auditor's term in office is a hardship to the office-holder.

Concluding her remarks, Lansing stated that she does not recommend any changes to the charter regarding the auditor's office at this time.

La Velle Vanden Berg asked Ms. Lansing to define a "performance audit." Ms. Lansing explained that, in the profession, audits are divided into two categories, "performance" and "financial." Financial audits deal with financial statements of income and expense and assets and liabilities; usually done by an independent CPA firm. Oregon state law provides that every municipality has to have an annual financial audit. The performance auditor looks at how assets are used, the results attained and the best way to use tax dollars effectively; it is a way to look at whether the agency is doing the job it is intended to do.

Bruce McCain asked who sets the auditor's agenda. Lansing stated that for an appointed auditor, the decision of what to audit is usually set by the governing body. In the state, for example, it is decided by a legislative committee, usually made up of members of both parties of both houses. An elected auditor, on the other hand, makes the decision as to what or whom to audit, himself. It is important for him or her to retain that independent judgment.

Paul Norr asked Lansing to discuss the functions of an audit committee and how it should be composed. Ms. Lansing said that in the public sector some municipalities have an official organization which have a voice in the selection of the audit. When she worked for the county she had an unofficial advisory committee, as does Barbara Clark with the city. In the private sector there has been a move to have audit committees that actually make decisions and do the review of the outside audit and perhaps choose the outside auditors. She does not, however, favor a formal or official audit committee.

Bill Rapp asked Ms. Lansing to respond to two recommendations that others have made regarding the auditor's office: First, that performance auditing should be specified clearly in the charter, and secondly, that the charter should have a provision which specifies the number of audits to be performed each year or a requirement that each department should be audited every year.

Ms. Lansing replied that there is no need to put in the charter a specific performance auditing requirement. She is also not in favor of requiring a certain number of audits per year. This would not provide any kind of quality; almost anything can be called an audit. It also might infringe upon the auditor's independence.

Liberty Lane asked how Lansing feels about having professional qualifications for commissioners, similar to those required for the auditor. Ms. Lansing said she doesn't believe it would be a good idea because they are different types of jobs.

Mark Johnson asked if Ms. Lansing believes there should be an elected county executive/manager. She said she would let Alan Purcell answer that question.

Alan Purcell, Washington County Auditor

Mr. Purcell said there are many similarities between the Washington County and Multnomah County charters, with Multnomah County having more specifically written standards.

Since the Multnomah County Charter already provides plenty of direction and many of the recent changes have not yet been put into practice, Mr. Purcell stated it would be premature to make any further changes.

Washington County does not have an elected county executive; rather, the county executive is appointed by the county commissioners. He recommends having a hired professional to fill the position rather than an elected official because the position compares to that of auditor, district attorney, and sheriff in that you are seeking someone with particular professional qualifications. This system has worked well for Washington County.

Liberty Lane asked Mr. Purcell's opinion of (1) an official running for another office while still in office and (2) the stipulation that county auditors be limited to a two-year term. Mr. Purcell stated it is his belief that, first, the auditor should not be running for another position while in that position because of access to confidential information; in fact, some have suggested that there should be a period after the auditor leaves office when he should not be allowed to run for another office. Secondly, he does not favor the two-term limit. He personally would not accept a position if it were limited to only eight years. If someone is going to make a career change, he needs to be assured that it will last for more than four or eight years.

Bruce McCain asked why a CPA would be qualified to perform a performance audit as a county auditor when most of their training is in financial auditing. Mr. Purcell stated that the CPA

requirement should be viewed as a minimum qualification; specialization of the candidate and other areas of expertise should also be considered.

Monica Little asked if Mr. Purcell sees any potential for the auditor's role becoming restricted by the budgetary process. Mr. Purcell agreed that the possibility exists, but he stated that there are ways to deal with it by campaigning for the auditing function; use the press and the public to help your cause. Furthermore, in Washington County, the auditor's salary is specified in the charter and is exempt from the board's scrutiny; this also eliminates some of the pressure.

Paul Norr asked if Mr. Purcell works with an audit committee. Mr. Purcell stated that he does not.

Barbara Clark, Auditor, City of Portland

Ms. Clark gave a brief description of her background; she has been the City Auditor for 3 years and was a CPA in the private sector for 15 years prior to that. She is active in professional organizations both locally and nationally. Ms. Clark stated she is very proud of the work that is being accomplished at the local level and feels it compares very favorably with what is being done nationally.

Clark stated that the language in the current charter is fine as written. She would, however, like to see the salaries of elected officials linked to that of the per capita income in the community so that the elected official suffers or profits as does the average citizen. If the average income rises, elected officials should receive a salary increase; similarly, if the average per capita income falls, so would the elected official's.

Marcia Pry asked all three of the speakers if they had any suggestions as to how often the charter review committee should meet. Jewell Lansing said she believes every 10 years would be best; necessary changes can be made by ballot measure.

Alan Purcell added that Washington County has not had a major change in ten years. It is difficult to attract and keep good people if they are unsure of what type of system will be in place after they are hired/elected. In addition, it takes a while to get a system to work. He stated that there is no perfect model; both Multnomah County and Washington County systems work--in a large part it depends on the people elected.

Bruce McCain asked Clark who she reports to. Clark said that contrary to popular belief, she does not report to the mayor; she

seeks a response from the individual commissioner and department head of the bureau being audited.

Anne Kelley Feeney, former County Auditor

Ms. Feeney stated she is in total agreement with the other speakers; the charter language regarding the auditor should not be changed at this time. She also noted that an appointed auditor tends not to be as visible as one who is elected.

Dan Ivancie, Multnomah County Auditor

Mr. Ivancie stated that the county auditor should remain an elected position. He also believes the auditor should monitor the work done by external auditors.

Paul Norr asked Mr. Ivancie to comment on the salary commission survey that was recently completed. Mr. Ivancie said he hasn't had an opportunity to review that study.

Jack Horner, Director, Planning & Budget Division, Department of General Services

Mr. Horner gave a summary of his background. He served as the principle deputy to Alan Purcell in Washington County for seven years and is currently responsible for Multnomah County's long-range planning, budgeting and automated financial systems management.

Mr. Horner was asked to speak on two issues, the county audit function and strategic planning. On the subject of the audit function, Mr. Horner made the following points:

1. The states of Washington and Oregon, Seattle and Clark County, all use program (or performance) auditing where there is an emphasis on program economy, efficiency, and to a lesser degree effectiveness audits.
2. In Multnomah County, financial audits are conducted annually and independently by outside auditors, thereby giving the Finance Director, who monitors the external auditors, a high level of accountability for internal controls.
3. The Multnomah County Auditor works in the program audit area where standards are not as clear-cut. Moreover, the Certified Internal Auditor certification requirements do not speak specifically to competency in program auditing.

4. There are certain standards auditors must use that set them apart from evaluators and analysts. They are: (a) a criterion to measure against, (b) a finding before reaching a conclusion, (c) basing findings on facts that can be corroborated, and (d) validation of data.

Mr. Horner feels the county audit function is doing well as it stands.

On the subject of strategic planning, Mr. Horner made reference to the pamphlet he handed out entitled, "Strategic Planning," published by Multnomah County.

He stated that a three-phase process involving long-range (strategy) planning, medium-range priority setting (operational), and short-range implementation (budgeting) has been developed. Strategy planning has been completed and the results will be out in January. The three-year operational plan will be completed within days; it will be used to set the budgeting orientation of the Policy Development Committee for the Multnomah County Chair's proposed budget for next year.

They have already realized some benefits in that it has given direction to the implementation of ideas.

Bill Rapp asked Mr. Horner whether he could tell the committee about any of the results of strategic planning thus far that might affect what the committee is doing in reviewing county government structure. Mr. Horner answered that, so far, he is not aware of any results which might affect county structure.

Liberty Lane asked Mr. Horner how far into the strategic planning process the Charter Review Committee should wait before reviewing the planning process. Mr. Horner said he thought the committee should wait until after operational planning is completed in January.

PUBLIC TESTIMONY:

Bob Goldstein

Mr. Goldstein quoted from the "Oregon Blue Book" regarding home rule. He stated that, in his opinion, the county and city are different entities. He also stated that it is best to leave the county charter as it is regarding the position of auditor. Mr. Goldstein does not believe city/county consolidation would be a good idea.

COMMITTEE BUSINESS:

Approval of Minutes

Since the minutes had not had time to reach the public, the December 13 meeting minutes will be reviewed at the next meeting on January 3rd.

Other Business

Bill Rapp announced that the next meeting will be held on January 3rd at PCC/Sylvania Campus.

The meeting adjourned at 8:38 p.m.

· MULTNOMAH COUNTY
CHARTER REVIEW COMMITTEE
1120 S.W. 5th AVE., SUITE 1500
PORTLAND, OR 97204

Distributed by
Alan Purcell
12/20/89

Section 46. COUNTY AUDITOR.

(a) There shall be an elected, non-partisan county auditor. At the time of election the auditor shall hold the designation of certified public accountant or be a certified internal auditor. His term of office shall be four years and be concurrent with the chairman of the board. Compensation for the county auditor shall be eighty percent of the salary of a District Court Judge.

(b) The county auditor shall be responsible to the people. The auditor shall:

(1) Make continuous inspections of the business affairs of the county including any and all financial transactions, personnel, equipment and facilities utilization and matters relating thereto.

(2) Make reports to the county commissioners disclosing details of any investigation including recommendations for any remedial action.

Jewel Lansing, CPA
3333 S. W. Arnold
Portland, OR 97219
246-6022

November 23, 1988

Chair Gladys McCoy
Commissioner Pauline Anderson
Commissioner Polly Casterline
Commissioner Gretchen Kafoury
Commissioner Caroline Miller
Commissioner-elect Rick Bauman

Re: Report to Board upon Completion of County Auditor Contract

Since Dan Ivancie will be sworn in as newly-elected Auditor next week, my half-time contract to provide management and information services to the County is complete. This memo represents a report to the Board regarding my activities under the contract. Attachments A, B, and C discuss future charter change proposals you may wish to consider.

One of my major projects has been the drafting and discussing of proposed charter and code provisions affecting the County Auditor's office. On November 2, I sent you a letter recommending charter changes to clarify responsibility and authority in the event of vacancies in elected officials' terms. I hope you will address these issues for a March 1989 charter amendment vote. My letter also contained a proposed draft ordinance to specify understanding for how the County Auditor's audit function will be carried out. Attachments to today's letter discuss proposals to:

A -- Require qualifications of future County Auditors;

B -- Assign the County Auditor responsibility for monitoring the work of outside auditors (contingent on A); and

C -- Prohibit the Auditor from running for other County office without resigning.

I would be glad to testify at a Board hearing on any of these topics if my schedule permits.

Another of my activities during the contract period was informing candidates and new Auditor regarding County Auditor duties and governmental auditing standards. (It is very strange to have an elective office requiring no special qualifications for which the person elected is required to follow professional

standards!) I also met with the Auditor's Citizens Budget Advisory Committee two times. I notified auditors at the city, county, regional, state, and national level of the Multnomah County Auditor changeover and secured their assistance on various projects. I spent time with CPA auditors on contract to Metro who are outlining a proposed performance audit program for that agency. The Internal Audit Division of the City Auditor's office shared their computerized project-analysis software program with the County Auditor's office staff.

Because of my temporary and tentative status at the County Auditor's office, my involvement in the four audits currently in process was limited to on-call advice. Other activities were varied. In general, I kept abreast of County activities on behalf of the Auditor's office to keep the audit staff free from administrative and bureaucratic chores. I attended selected Board work sessions, including those on the joint programs of Clackamas and Multnomah County Commission regarding a catalogue of County services, the County's legislative agenda meetings, and some Justice Services planning meetings.

I have appreciated the opportunity to be of service, and wish incoming Auditor Dan Ivancie every success.


Jewel Lansing

JL:st

Attachments

cc: Auditor-Elect Dan Ivancie
Auditor's Budget Advisory Committee
County Counsel Larry Kressel

Report to Board of County Commissioners
Jewel Lansing, CPA
November 23, 1988

Attachment A
Page 1 of 4

PROPOSED HOME RULE CHARTER AMENDMENT re QUALIFICATIONS
(New language underlined)

CHAPTER VIII -- FINANCE

8.10 AUDITOR

(1) The office of county auditor is hereby established.

(2) At the general November election in 1966 and at the general November election every four years thereafter an auditor shall be elected. The auditor shall be a certified public accountant or certified internal auditor. Candidates shall be certified as such at time of filing and remain certified throughout the term of office, if elected or appointed. If an auditor is elected without such qualifications or ceases to have the same, the office shall immediately become vacant. The salary for the auditor shall be four-fifths of a District Court Judge's salary.

CHAPTER IV -- COUNTY OFFICERS IN GENERAL

4.10 QUALIFICATIONS

(1)Additional requirements for auditor candidates are noted at Section 8.10 (2).

4.30 COMPENSATION Except as noted in Section 8.10 (2),

CHAPTER XIII -- TRANSITION

13.30 AUDITOR. Prior to 1991, candidates who have passed the national examination for certified public accountant or three parts of the certified internal auditor examination by the filing deadline shall be qualified under Section 8.10(2) if the fourth part of the CIA examination and/or required certification experience are completed by the beginning of the term of office.

Report to Board of County Commissioners
Jewel Lansing, CPA
November 23, 1988

Attachment A
Page 2 of 4

DISCUSSION OF AUDITOR QUALIFICATIONS PROPOSAL

The public would be best served, I believe, by requiring CPA or CIA credentials of future elected Auditors. The profession of governmental auditing grows more sophisticated and complex each year. Revised Generally Accepted Government Auditing Standards were issued by the U. S. General Accounting Office earlier this year. The county charter requires adherence to these standards, but leaves to chance the election of a knowledgeable auditor to enforce them. Most arguments for requiring additional qualifications of candidates for Sheriff and District Attorney apply equally to the Auditor.

A Washington County Charter amendment adopted May 1980 providing for an elected County Auditor specifies at Section 43(e): "There shall be an elected, non-partisan county auditor. At the time of election the auditor shall hold the designation of certified public accountant or be a certified internal auditor. His term of office shall be four years and be concurrent with the chairman of the board. Compensation for the county auditor shall be eighty percent of the salary of a District Court Judge."

The Guidelines and Model Authorizing Legislation Regarding Audit of Local Governments published in May 1987 by Local Government Audit Representatives to the National Intergovernmental Audit Forum propose: "If the auditor is not a Certified Public Accountant (CPA), he or she shall appoint at least one deputy who is certified as a CPA."

The City of Portland charter was amended by the voters in May 1984 (Section 2-501) to read: "There shall be an Auditor of the City of Portland who shall possess the same qualifications required of a Commissioner, and in addition, shall at the time of filing a declaration of candidacy, or a nominating petition for the office of Auditor be a Certified Public Accountant and remain certified

ATTACHMENT A

Report to Board of County Commissioners
Jewel Lansing, CPA
November 23, 1988

Page 3 of 4

DISCUSSION OF AUDITOR QUALIFICATIONS - continued

as such throughout the term of office, if elected. If an Auditor shall be elected without such qualifications or shall cease to have the same, the office shall immediately become vacant." (This amendment passed by more than a three-to-one margin.)

Occasionally someone suggests that a master's degree or equivalent be included as an alternative to CPA or CIA certification as a County Auditor qualification. I oppose such language because many master's degrees are irrelevant to the work of the Auditor's office, and determining which degrees and degree-granting institutions would be acceptable requires subjective judgement and a ponderous structure to enforce. For example, if a public administration degree, why not business? Economics? Political Science? Mathematics? Law? Etc. Who decides?

As an example of potential difficulties, consider the former Portland Charter requirement that the Auditor be "an expert accountant." Incumbent Auditor Ray E. Smith faced no opposition in the May 1970 primary and "appeared to be on his way to certain re-election to his fourth term. His death by heart attack (on) August 15, just 10 days before the filing deadline, brought on a rush of candidates." (Oregon Journal, October 29, 1970)

In response to candidate and Oregonian demands, City Attorney Marion Rushing issued the following opinion dated November 2, 1970: "...While...the City Charter provides that the Council is the judge of the qualifications and election of its own members, the City Auditor is not a member of the City Council....The degree of expertness in accounting required of the City Auditor is not a matter for Council determination and final decision concerning any contest on qualification of expert accountant must be left to the courts....No cases have been found construing the Portland City Charter in this regard. No cases in other jurisdictions have been found helpful. Therefore any court interpretation would have to come from litigation initiated in the future, if such decision is sought." (In other words, a losing candidate or other interested party would have had to initiate a lawsuit to clarify this provision.)

Report to Board of County Commissioners
Jewel Lansing, CPA
November 23, 1988

ATTACHMENT A
Page 4 of 4

DISCUSSION OF AUDITOR QUALIFICATIONS -- continued

Because of the misunderstandings and misinterpretations which would surely occur if qualifications requirements were adopted which could be interpreted different ways, I urge that professional auditing certification be the only basis for qualification as a future County Auditor.

The CPA and CIA credentials are both nationally-recognized credentials which would, in my opinion, be suitable for the Multnomah County Auditor. Both are directly relevant to the job, are clearly definable, and are verifiable at time of filing with no subjective evaluation required. Further, I believe this kind of proven financial expertise is needed in the Auditor's office.

While newly-elected Auditor Dan Ivancie is not certified, he has a degree in business and his experience in the County Auditor's office would make him eligible to obtain certification as a Certified Internal Auditor in two years. (Work in the County Auditor's office would not presently qualify for CPA certification because it is not performed under the supervision of a CPA). Proposed Transition Section 13.30 is specifically modeled to allow an opportunity for the new Auditor to become certified and seek re-election if he chooses to do so. He could meet the proposed requirements by passing three parts of the CIA exam in 1989 (by the March 1990 filing deadline,) and the fourth part during 1990.

The salary provision in Section 8.10(2) is a necessary adjunct to the qualifications requirement package. It would be unusual for a qualified CPA or CIA to seek this office at the current salary level. If additional qualifications are required of the County Auditor, the charter should provide for commensurate salary. A stipulation in the Washington County charter that the elected Auditor receive four-fifths of a District Court judge's salary is reasonable and has worked well. I recommend that professional qualifications not be required without providing adequately for the Auditor's salary.

Report to Board of County Commissioners
Jewel Lansing, CPA
November 23, 1988

Attachment B

PROPOSED HOME RULE CHARTER AMENDMENT re
MONITORING THE WORK OF EXTERNAL AUDITORS

8.10 AUDITOR (New language underlined)

(5) The auditor shall coordinate and monitor the annual audit of the county's financial statements by external independent auditors specified by state law. The county auditor shall appoint the firm to conduct this audit with the approval of the board of county commissioners.

DISCUSSION:

If professional certification is required of the Auditor as proposed in Attachment A, I recommend you consider placing responsibility with the County Auditor for coordinating and monitoring the annual financial audit required by state law. Since the County Finance Office under the County Chair is the primary auditee of the annual external audit, having a different office coordinate the selection of the CPA firm to perform the audit and to monitor its performance would provide a better system of checks and balances.

The local government auditors' model guidelines state, "Subject to consultation with the [GOVERNING BODY] the auditor shall appoint external Certified Public Accountants to conduct certified financial statement audits, as specified by state or local law. The auditor shall coordinate and monitor the conduct of, and responses to, external financial statement audits. The auditor shall work toward the elimination of duplicative audit work through cooperation with state and federal auditors."

The City of Portland charter was amended in 1986 to provide, in Section 2-505: "The Auditor...shall coordinate and monitor the annual audit of the City's financial statements by external independent auditors." Section 7-106 says: "At the close of each fiscal year the books and accounts and financial affairs and transactions of the City shall be audited by an independent licensed public accountant or firm of accountants appointed by the City Auditor with the approval of Council."

Report to Board of County Commissioners
Jewel Lansing, CPA
November 23, 1988

Attachment C

PROPOSED HOME RULE CHARTER AMENDMENT re
AUDITOR NOT RUNNING FOR OTHER COUNTY OFFICE DURING TERM
(New language underlined)

8.10 AUDITOR

(2)....The auditor shall not run for any other county elected office during his or her term. The act of filing for another county office will be the same as a resignation, effective as of date of filing.

DISCUSSION:

The County Auditor's office should be as removed from politics as possible. And the appearance of objectivity is nearly as important as independence in fact. I believe the County Auditor's credibility would be strengthened if the Auditor were required to resign before running for any other Multnomah County office.

While the County Charter forbids any County elected official from filing for any other elective office in mid-term [such filing constituting a resignation -- Section 6.50(5)], a provision is needed for the last year of the Auditor's term, and to govern in the event Section 6.50(5) is deleted. Prohibiting the Auditor from running for any other Multnomah County office while maintaining audit jurisdiction is the important concept here.

The model guidelines for local government auditors state: "Filing for another elective office over which the auditor has audit jurisdiction will be the same as resignation, effective as of date of filing."

The City of Portland charter was amended by the voters in May 1986 to state: "The Auditor shall not run for election to any other City office during his or her term. The act of filing for another City office will be the same as a resignation, which shall be effective as of the date of such filing." The other elected officials in City Hall were pleased with this provision. I believe it has fostered trust between the Auditor and other elected officials, whose cooperation is needed if the audit function is to realize its full potential in local government.

Letter to Board of County Commissioners
From Jewel Lansing, CPA
November 2, 1988

The net effect of proposals in items 1 and 2 would be as shown in Appendix A.

3. Adopt Specifications for County Auditor's office in Code.

Guidelines for model language have been promulgated nationally within the past three years to clarify how an internal audit function under a local government elected auditor should operate. I have modified this model code language to reflect Multnomah County nomenclature and charter provisions. The result is attached as Appendix B.

The provisions are taken nearly verbatim from Guidelines and Model Authorizing Legislation Regarding Audit of Local Governments, published May 1987 by Local Government Audit Representatives to the National Intergovernmental Audit Forum. The audit concepts in the guidelines are based on "generally accepted government auditing standards" (GAGAS) promulgated by the Comptroller General of the United States as required by Multnomah County Charter Section 8.10(3):

"The auditor shall conduct internal audits of all county operations and financial affairs and make reports thereof to the board of county commissioners according to generally accepted government auditing standards." (emphasis added)

Having model legislation available is a step forward for local government auditing, and an opportunity Multnomah County should take advantage of. I assisted with the initial drafting of this model legislation when I represented local governments of the Pacific Northwest Intergovernmental Audit Forum to the national group in 1983-86. The voters and City Council adopted similar language for the City of Portland in May and July, 1986. (City Charter Sections 2-505, 2-511, 7-106; City Code Chapter 3.05.)

Voters have already specified broad audit authority for the elected County Auditor in the Multnomah County Charter. Now the County code needs to spell out mutually-agreed upon procedures for how the County Auditor's function shall be carried out. I urge your adoption of these code provisions.

Attachments: Appendix A - Proposed Charter Amendments
B - Proposed New Code Chapter
C - County Counsel Memo, October 31, 1988

cc: Auditor Candidates and Auditor's Budget Advisory Committee

Letter to Board of County Commissioners
From Jewel Lansing, CPA
November 2, 1988

DRAFT 11/88

APPENDIX B

AN ORDINANCE amending the Multnomah County Code by adding a new Chapter 2.80 entitled "County Auditor", setting forth the specifics under which the County Auditor's office shall function.

The Board of County Commissioners of Multnomah County ordains as follows:

SECTION 1. The Board of County Commissioners finds:

a. Accountability is inherent in the governing process of this nation. Officials and employees who manage public programs are obligated to justify to the public their methods and purposes in appropriating, applying, and using public resources.

b. Public officials, government managers, and private citizens want and need to know not only whether government funds are handled properly and in compliance with laws and regulations, but also whether public programs are achieving the purposes for which they were authorized and funded, and, whether they are doing so efficiently and economically.

c. An independent audit function provides objective information on the operations of government programs, assists managers in carrying out their responsibilities, and helps ensure full accountability to the public.

d. An effective County Auditor function requires that audit results be accepted and used by public officials. Acceptance requires that the audit function be understood and recognized as valid, and that it be established on a firm foundation of professional competence.

e. Standards for the conduct and practice of governmental auditing have been developed by the U. S. General Accounting Office in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.

f. The Multnomah County voters have specified that the Auditor shall adhere to these standards in order to ensure that public officials and employees understand the role and function of the County Auditor, to lend consistency and credibility to ongoing

audit work, and to provide a basis for monitoring and evaluating the work of audit staff.

NOW, THEREFORE, the Board of County Commissioners directs:

a. The Board of County Commissioners hereby establishes a new Chapter 2.80 in the Code of the Multnomah County, adding a new Chapter to be numbered, titled and read as follows:

CHAPTER 2.80

COUNTY AUDITOR

Sections:

- 2.80.01 Independence.
- 2.80.02 Scope of Audits.
- 2.80.03 Annual Audit Plan.
- 2.80.04 Special Audits.
- 2.80.05 Access to Records and Property.
- 2.80.06 Departmental Response.
- 2.80.07 Audit Reports.
- 2.80.08 Report of Irregularities.
- 2.80.09 Contract Auditors, Consultants and Experts.
- 2.80.10 Peer Review.

SECTION 2.80.01 INDEPENDENCE

(A) The elected County Auditor derives his or her authority to perform audits directly from the voters as provided by Multnomah County Charter Section 8.10.

(B) The County Auditor will adhere to generally accepted government auditing standards (GAGAS) as promulgated by the U.S. General Accounting Office in conducting its work and will be considered independent as defined by those standards.

(C) If the County Auditor conducts an audit of an activity for which the Auditor is or was responsible, the audit scope will state that the Auditor is not organizationally independent with regard to the entity being audited.

SECTION 2.80.02 SCOPE OF AUDITS

(A) The Auditor "shall conduct internal audits of all County operations and financial affairs." (Charter Section 8.10). Generally accepted government auditing standards required in the

charter define performance and financial audits of departments, offices, boards, activities, functions and agencies as a means to determine independently whether:

(1) activities and programs being implemented have been authorized by the County Charter or Code, state law or regulations;

(2) activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by the County Charter or Code, state law or applicable federal law or regulations;

(3) activities or programs efficiently and effectively serve the purpose intended by the County Charter, Code, state law or applicable federal law or regulations;

(4) activities and programs are being conducted and funds expended in compliance with applicable laws;

(5) revenues are being properly collected, deposited and accounted for;

(6) resources, including funds, property and personnel, are adequately safeguarded, controlled and used in a faithful, effective and efficient manner;

(7) financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities and that is necessary to establish a proper basis for evaluating the programs and activities;

(8) there are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; or

(9) there are indications of fraud, abuse or illegal acts which need further investigation.

(B) Audits shall be conducted in accordance with generally accepted government auditing standards (GAGAS) applicable to financial and performance audits.

SECTION 2.80.03 ANNUAL AUDIT PLAN

(A) By the beginning of each fiscal year, the Auditor shall advise the Board of County Commissioners of a planned audit schedule for the upcoming year and solicit their suggestions and comments. The plan shall specify the departments, offices, boards, activities, functions and agencies scheduled for audit during the year. The auditor may amend this plan during the year after notifying the County Chair or other elected officials affected by the schedule change.

(B) In selecting audit areas, determining audit scope and scheduling audit work, the Auditor should consult with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort is properly coordinated.

SECTION 2.80.04 SPECIAL AUDITS

(A) Any member of the Board of County Commissioners may request that the Auditor perform special audits that are not included in the annual audit plan. The Auditor will take such requests under consideration and weigh the public benefit of postponing other scheduled projects. However, the final decision as to what audits are undertaken shall rest solely with the Auditor.

(B) Special audit reports will be handled the same as regular audit reports, except that in personnel matters of a confidential nature, reporting of results may be limited to department heads and the County Chairman, or in the case of personnel matters concerning their jurisdictions, the County Sheriff or District Attorney.

SECTION 2.80.05 ACCESS TO RECORDS AND PROPERTY

All officers and employees of Multnomah County shall furnish the Auditor with information and records within their custody regarding powers, duties, activities, organization, property, financial transactions and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Auditor to inspect all property, equipment and facilities within their custody. If such officers or employees fail to produce the aforementioned information, then the Auditor, subject to Board of County Commissioners approval,

may, without fee, cause a search to be made and exhibits to be taken from any book, paper or record of any such official or employee, excepting personal information, and every office having the custody of such records shall make a search and forward such requested exhibits to the Auditor.

SECTION 2.80.06 DEPARTMENTAL RESPONSE

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

SECTION 2.80.07 AUDIT REPORTS

(A) Each audit will result in a written report, as required by GAGAS.

(B) The Auditor will submit each audit report to the Clerk of the Board of County Commissioners and will retain a copy in his or her office as a permanent record. Supporting workpapers shall be retained for three years. A copy shall be filed with each member of the Board of County Commissioners and the Multnomah County Library, and copies shall be made available to the media. In accordance with County Charter Section 8.10(4), the Board shall retain each report of the Auditor and each response as a public record for at least three years after receiving the report and response.

(C) If appropriate, the audit report will contain the professional conclusions of the Auditor regarding the management activities audited.

(D) The Auditor shall include the following information in audit reports as specified by GAGAS (or a statement explaining why any of the following is not included):

- (1) a precise statement of the scope encompassed by the audit;

(2) a statement that the audit was performed in accordance with generally accepted government auditing standards;

(3) a statement that an examination for compliance with applicable laws, policies and regulations was conducted and presentation of the findings associated with that examination;

(4) a statement of the significant audit findings, including a statement of the underlying cause of problem areas noted, evaluative criteria used and the current and prospective significance of the findings;

(5) a statement that internal control systems were examined and a report of any material weaknesses found in the internal control systems;

(6) statements of response submitted by the audited department, board or agency relevant to the audit findings;

(7) a concise statement of the corrective actions previously taken, in process, or contemplated as a result of the audit findings and a time table for their accomplishment;

(8) recommendations for additional necessary or desirable action.

SECTION 2.80.08 REPORT OF IRREGULARITIES

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

SECTION 2.80.09 CONTRACT AUDITORS, CONSULTANTS, AND EXPERTS

Within budget limitations, the Auditor may obtain the services of certified public accountants, qualified management consultants, or other professional experts necessary to assist the Auditor in

the performance of his or her duties. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the governmental unit or its officers, and must be conducted according to generally accepted governmental auditing standards.

SECTION 2.80.10 PEER REVIEW

The activities of the County Auditor's office shall be subject to peer review at least once every three years as specified by GAGAS by a professional, non-partisan objective group utilizing guidelines endorsed by the National Intergovernmental Audit Forum, the State Auditor's Association, or the U.S. General Accounting office, provided that the services of such a nationally recognized body are available. A copy of the written report of this independent review shall be furnished to each member of the Board of County Commissioners.

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



MULTNOMAH COUNTY OREGON

DEPARTMENT OF GENERAL SERVICES
COUNTY COUNSEL SECTION
1120 S.W. FIFTH AVENUE, SUITE 1400
P.O. BOX 849
PORTLAND, OREGON 97207-0849
(503) 248-3138

BOARD OF COUNTY COMMISSIONERS
GLADYS McCOY, CHAIR
PAULINE ANDERSON
POLLY CASTERLINE
GRETCHEN KAFOURY
CAROLINE MILLER

MEMORANDUM

TO: Jewell Lansing
Office of Auditor

FROM: Larry Kressel *LK*
County Counsel

DATE: October 31, 1988

RE: Response to Your Proposed Charter and
Code Amendments

COUNTY COUNSEL
LAURENCE KRESSEL

CHIEF ASSISTANT
ARMINDA J. BROWN

ASSISTANTS

JOHN L. DU BAY
SANDRA N. DUFFY
J. MICHAEL DOYLE
H. H. LAZENBY, JR.
PAUL G. MACKEY
MARK B. WILLIAMS

RECEIVED
NOV 1 1988
Multnomah County Auditor

1. Charter

Your proposed language for 4.50(1)(a) would benefit from some clarification.

As I mentioned on the phone, the language should make it clear that the top two candidates have a runoff. Also, I would use a new sentence in place of the last three lines of this section. The sentence would read:

"An ordinance shall provide for appointment of an interim acting chair, sheriff, or auditor if the vacancy occurs in one of those offices." This would make it clear that the ordinance in question need not be the same one that prescribes the procedures for electing a successor.

I do not think that section 4.50(1)(b) needs a provision for designating an interim official while the appointment process takes place. The process is the responsibility of the Board and they will presumably implement it expeditiously.

The amendment to 4.50(1)(c) is somewhat confusing. If you leave in the existing language that "the vacancy shall not be filled," it seems inconsistent to then add that "however, the board shall . . . designate an acting chairman, sheriff or auditor during this period." The designation contradicts the mandate not to fill the vacancy.

I think what you really intend is to combine 4.50(1)(b) and

CORRECTED
JK

(c). That is, if the term of office expires less than one year after the vacancy, the board appoints a successor.

In connection with your proposal, the Sheriff asked me whether section 6.50 of the Charter makes state law the controlling authority on the procedure for filling a vacancy in that office. The section says that the people shall elect "A County Sheriff for the function of said office as prescribed by state law. . ." (emphasis added). I read the underlined language to mean that state law governs as to the functions of the office, not as to the procedure for filling a vacancy in it.

2. The Code Amendment

The potential stumbling block to an amendment of this sort is the general rule that the Charter controls over local legislation; the latter cannot conflict with the former. See Brummel v. Clark, 31 Or App 405, 411, 570 P2d 671(1977).

The Charter is worded broadly with reference to the Auditor's duties. The Auditor is to "conduct internal audits of all country operations and financial affairs and make reports thereof to the board of commissioners according to generally accepted government auditing standards." Charter section 8.10(3). An attempt by the Board to legislate in this area would pass judicial review under Brummel so long as it was consistent with this overall mandate.

Most of the provisions in your draft are procedural. Generally speaking, procedural additions would not present charter conflicts. An exception to this rule could be in section 2.80.03, which seems to require the Auditor's plan to be reviewed and approved by the Chair or other elected officials before it can be amended. That language seems to withdraw power from the Auditor and place it in the hands of others.

A few sections of the draft are more than procedural-- they impose specific duties on the Auditor (e.g., section 2.80.02 requires "expanded scope audits" and details their scope, section 2.80.07 requires that audits result in written reports and itemizes the contents of audits and section 2.80.10 mandates peer review. Whether the consistency standard would be met with regard to these requirements depends a lot on the meaning of the Charter phrase "generally accepted government auditing standards." If these requirements carry out such auditing standards, they would probably be upheld against a claim brought under the Brummel rule.

collected
JR

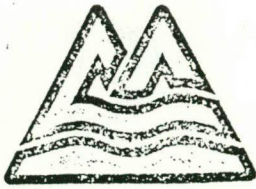
You advise me that the proposed code language is based on a model drafted Local Government Auditor Representatives to the National Intergovernmental Auditors Forum. I assume that "generally accepted government auditing standards" guided the drafting, but this is only an assumption. The Board should be assured that this is correct before the ordinance is adopted. Perhaps a finding to this effect in your draft would help.

Added JR

Incidentally, my research shows that a somewhat analagous issue was raised in 1977, when the Board was considering

whether to pass legislation dealing with the Charter Review Committee. This office cited Brummel in advising against an attempt to redefine the committee's role in this Charter-controlled field (see attached).

cc Miggins
Pearce
Ervin

**MULTNOMAH COUNTY OREGON**

OFFICE OF COUNTY MANAGEMENT
COUNTY COUNSEL SECTION
ROOM 710, COUNTY COURTHOUSE
PORTLAND, OREGON 97204
(503) 248-31 38

MEMORANDUM

TO: SALLY ANDERSON

FROM: JOHN B. LEAHY, Multnomah County Counsel, and
MARTIN B. VIDGOFF, Deputy County Counsel

DATE: November 10, 1977

SUBJECT: Charter Review Committee

On November 9, 1977, you asked whether any Board action relating to the Charter Review Committee, established by the voters' adoption of Ballot Measure 26-3 on November 8, 1977, was necessary or permissible.

The new sections 12.30, 12.40, 12.50, 12.60 and 12.70 of the charter comprehensively define the establishment, method of selecting members, powers and duties of the committee. There is virtually nothing of substance which an ordinance could add to what the cited sections already provide. Legislation would therefore be superfluous at best. At worst, it could run contrary to the precept recently reiterated by the Oregon Court of Appeals in Brummell v. Clark et al. (October 27, 1977), Sup. Ct. rev. den. (1977), that

"The charter of a county bears the same general relation to its ordinances that the constitution of a state bears to its statutes. A county board of commissioners 'cannot lawfully exceed its legislative authority defined and limited by the charter under which it acts'. * * * Thus, a county ordinance may not conflict with its county authorizing charter." (Slip opinion, p. 6)

It follows that no legislation should be enacted by the Board on this matter.

Budgetary action will of course soon be necessary, as will other ministerial Board actions to provide the committee with funds, staff, space and the like. However, the committee is a totally independent entity, the establishment of which is self-executing, and the Board should take the budgetary and other measures only in response to actions initiated by the committee.


JOHN B. LEAHY, County Counsel for Multnomah
County


MARTIN B. VIDGOFF, Deputy County Counsel



MULTNOMAH COUNTY OREGON

MULTNOMAH COUNTY CHARTER REVIEW COMMITTEE

1120 S.W. Fifth Avenue
Suite 1500
Portland, Oregon 97204
(503) 248-3525

MEMBERS

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Mark Johnson, *Vice-Chair*
Florence Bancroft
Lana Butterfield
David J. Chambers
Liberty Lane
Monica Little
Bruce McCain
Paul Norr
Marcia Pry
Casey Short
Nicholas Teeny
LaVelle VandenBerg

STAFF

William C. Rapp
Administrator
Shirley Winter
Secretary

December 21, 1989

Jack Horner, Manager
Department of Planning and Budget
1120 S.W. Fifth Avenue, Room 1400
Portland, OR 97204

Dear Mr. Horner:

Thank you very much for your presentation to the County Charter Review Committee on December 20th.

Your recommendations will receive serious consideration as we gather information about Multnomah County government.

Your time and effort on our behalf are appreciated. Please feel free to come to our meetings or call Committee Administrator Bill Rapp at our office at any time. Thank you again.

Sincerely,

Ann Porter

Ann Porter, Chair
Charter Review Committee

AP:saw



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William C. Rapp
Administrator
Shirley Winter
Secretary

December 21, 1989

Barbara Clark, Auditor
City of Portland
1220 S.W. Fifth Avenue
Portland, Oregon 97204

Dear Ms. Clark:

Thank you very much for your presentation to the County Charter Review Committee on December 20th.

Your recommendations will receive serious consideration as we gather information about Multnomah County government.

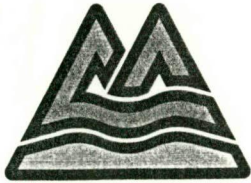
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Sincerely,

Ann Porter

Ann Porter, Chair
Charter Review Committee

AP:saw



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STAFF

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December 21, 1989

Jewell Lansing
3333 S.W. Arnold
Portland, Oregon 97219

Dear Ms. Lansing:

Thank you very much for your presentation to the
County Charter Review Committee on December 20th.

Your recommendations will receive serious considera-
tion as we gather information about Multnomah County
government.

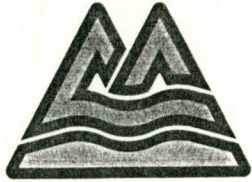
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Sincerely,

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December 21, 1989

Alan Purcell
Washington County Auditor
150 North First Street
Hillsboro, Oregon 97214

Dear Mr. Purcell:

Thank you very much for your presentation to the County Charter Review Committee on December 20th.

Your recommendations will receive serious consideration as we gather information about Multnomah County government.

Your time and effort on our behalf are appreciated. Please feel free to come to our meetings or call Committee Administrator Bill Rapp at our office at any time. Thank you again.

Sincerely,

Ann Porter

Ann Porter, Chair
Charter Review Committee

AP:saw



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December 11, 1989

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Jack Horner, Manager
Department of Planning and Budget
1120 S.W. Fifth Avenue, Room 1400
Portland, Oregon 97204

Dear Mr. Horner:

Thank you for agreeing to testify before the Multnomah County Charter Review Committee at its December 20th meeting. The meeting will commence at 7:00 p.m. in the Board Room (Room 602) on the sixth floor of the Courthouse (1021 S.W. Fourth Avenue).

The Committee would appreciate a presentation of up to 15 minutes on the results of the county strategic plan study and any specific recommendations you have regarding changes in the Auditor's Office. It would be appreciated if you could submit 20 copies of a prepared statement.

Thank you for your willingness to participate in the Committee's review of the current charter. I look forward to seeing you on Wednesday, December 20th.

Sincerely,

William C. Rapp
Administrator

WCR:saw



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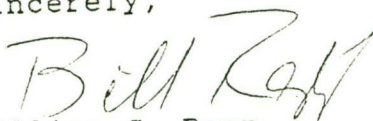
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Administrator

WCR:saw



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December 11, 1989

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Washington County Auditor
150 North First Street
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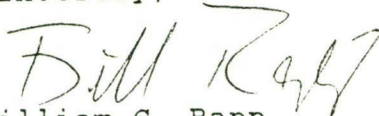
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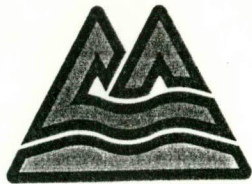
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Sincerely,


William C. Rapp
Administrator

WCR:saw



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William C. Rapp
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December 11, 1989

Jewell Lansing
3333 S.W. Arnold
Portland, Oregon 97219

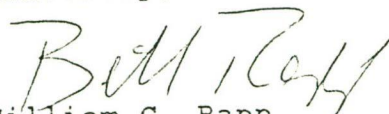
Dear Ms. Lansing:

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Sincerely,


William C. Rapp
Administrator

WCR:saw

Testimony of Jack Horner
Director, Planning and Budget Division
Department of General Services
Multnomah County

Given before the Charter Review Committee, December 20, 1989

I have was asked to speak on two topics despite what the program says, Auditing and the County's Strategic Planning effort. I will discuss them in order.

I served as the principle deputy to Alan Percell in Washington County for seven years. I was his only program auditor, in fact. In my current position, I am responsible for Multnomah County's long range planning, budgeting, and automated financial system management.

The Audit Function

Multnomah County is fortunate to be part of an active and program oriented auditing tradition which grew out of the pioneering work of Jewel Lansing. That tradition has spread to include the other two jurisdictions represented tonight.

In the Northwest, we also have what are known as program or performance auditing entities at the state level in both Washington and Oregon, and there are other examples in the City of Seattle and in Clark County across the river.

What distinguishes these auditors is their emphasis on program economy, efficiency, and to a lesser degree effectiveness audits. To be sure, they do compliance audits, and they also evaluate management control mechanisms. They look for fraud and particularly in the City have financial responsibilities, but those are not the audits that make them special. It is their program audits that do this, and it is to that orientation that I want to speak.

In Multnomah County, we have financial audits conducted annually and independently by outside auditors. We have financial controls. We have a highly responsive and definitive automated system to track our funds. We have a set of recognized standards to follow. The auditing is routinely accomplished, meets the requirements of State law, follows procedures, and is done by persons certified to be competent. For the last 5 years we have recieved Certificates of Excellence for our financial reporting, and the Board has established a new financial policy. The policy gives the Finance Director a high level of accountability for internal controls.

Our internal audit function works in the program audit area. In that area, the path is not quite so easily followed. While there are standards, they are not as clear cut. The program intent or procedures are not as well stated as those for financial audits. Moreover, the professional certification required does not speak specifically to competence. In fact, if you look at the certification examination, you will find very little that speaks to government at all. The Certified Internal Auditor certification provides necessary public legitimacy, but it has little to do with the real work of program audits, in my view.

The real work is to examine, independently, what the government is up

to. Is its direction overall, or by individual program, clear? Is the program intent met, and is it met with economy and efficiency in the process? Does a given set of expenditures or a set of initiatives meet the test of accomplishing what the policy makers intended, the customer recipients expect, or the public demand? There are some guidelines to follow, and peer review by other program auditors can be very helpful, but the basic techniques have been around for years. They are found in the lore of the program analysts and evaluators and in the inspectors general files of federal and state governments.

The new dimension that audit has added to program evaluation is found in the basic rules of evidence:

- You must have a criterion to measure against.
- You must have a finding before you can reach a conclusion
- You must base findings on facts you can corroborate.
- You must have validated your data, and so on.

These are standards that auditors bring to the table that evaluators and analysts are not required to. In addition, auditors are the only real "white hats" in most governments. They have no stake in the programs, neither specifically nor overall.

This is where the personal qualities come in assuming that the technical experience already exists. These qualities are courage and tenacity. Barbara Clark showed these when she was the only City official to voice a cautionary note during the public testimony on the reform of the Police and Fire Disability and Retirement System. She has shown them in her audits of both the Portland Police and the Fire Bureau. Alan Percell has them too. He showed them when he audited Washington County's police contracts. He found that the time honored practice of providing sheriff's deputies to supplement local jurisdictions had the County subsidizing cities by several hundred thousand dollars and yet the contracts were renewed routinely until the audit. Jewell has them too. Her Courts audit resulted in reform and the ultimate dismissal of staff when no one would take on the Courts. Jewell even took on the DA at least once that I recall.

To sum up, our County audit function is just fine providing we don't let it forget the forest in favor of the trees. We must recruit the best for it. We must retain only incumbents with guts. We must encourage our Auditor to poke, bore, and otherwise penetrate to the core of the body politic. We must insist on knowing what is going on, knowing whether it is going well, and if it is going as intended. We must insist on knowing this over and over again. We must applaud the function and what makes it distinct.

Strategic Planning

I have attached a copy of the County's brochure on strategic planning. It explains about as succinctly as we can what we are trying to do and why. I caution that it was printed at a point in time when we had to "fish or cut bait" on getting it out. As a result, some of the deadlines and products specified are inaccurate. However, it does describe the process pretty well.

An activity change this large has to be accomplished gradually. This is particularly true in an entity as complex as the County. Strategic Planning is basically a business technique aimed at getting and

staying ahead of the competition. So, because we are not in competition, and we are not a business, we and have had to adapt it to government.

The County has operated on what I call a centralized/decentralized authority model, which makes it even more complex than most governments. There is an Executive, and she has control of the departments and the budgets at least of the Sheriff and the DA. There is a substantial bureaucracy, including a General Services Department which contains most traditional administrative and general management functions. There are three other departments. There are staffs reporting to the DA and Sheriff as well as 25 staff positions who report directly to the Chair or the Commissioners.

Getting anything new going or old changed involves a cultural disposition to invested power which must be compromised with or overcome before one can even get started.

When Linda Alexander, my boss and the Director of the Department of General Services, responded to Chair McCoy's request for a new budgeting system, strategic and operational planning were her recommendations. My position was created putting budgeting and planning together, and I am still here 22 months later.

We have developed a three phase process which involves long range (Strategy) planning, medium range (Operational) priority setting, and short range (Budgeting) implementation. We have completed Strategy Planning, and its results will be out in January. In my view, it gives us a reasonable start on the process, but we need to refine it next year to get a real 5 year plan. The 3 Year Operational Plan, will be off the press within days. It will be used to set the budgeting orientation of the Policy Development Committee for the Chair's Proposed Budget for next year.

I have recommended that we revisit Strategic Planning next year and incorporate all of the thoughtful criticism, ideas, and hard work from this year. Then it will make organizational sense to go through it every two years after that.

This year we will get through the entire process, and that is a major accomplishment. We have begun to identify longer range issues, and that is a good start. The style of this County's government has been to plan through a political process called budgeting, and it is a style that is hard to break. To do it we need a joint effort engaging our politicians, our Executive, our bureaucracy, and our citizens. It will take persistent effort to make it pay off.

We have realized some benefits already, however. We have at least discussed the directions we want to explore. We have also been complimented by our financial rating agencies for innovative planning. Most importantly, in my view, we have begun to build institutional linkage between our vision and our implementation.