

A City Club Report on Measure 26-189: City Auditor Charter Amendments

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Portland's auditor performs an essential oversight role by auditing city offices and bureaus. On the May 16 ballot, Portland voters will decide whether to give the Office of the Auditor greater independence from the city bureaus that it investigates. If adopted, Measure 26-189 would (1) codify the Office of the Ombudsman (one of the offices under the auditor's control) in the City Charter; (2) give the auditor control over human resources and procurement matters affecting the auditor's office; (3) allow the auditor greater access to independent legal counsel; and (4) allow the auditor's office to submit its annual proposed budget directly to the City Council.

Summary

Your committee unanimously concludes that Portland voters should adopt Measure 26-189. We considered several reasons why voters might support or oppose the measure in our analysis.

Proponents contend that the oversight functions performed by the auditor's office require that it be free from apparent and actual conflicts of interest. They note that the auditor's budget currently is subject to review by the City Budget Office; that the auditor must seek permission from the city attorney before retaining independent legal counsel; and that the Office of Management & Finance controls human resources and procurement decisions affecting the auditor's office. Yet, all of those offices are subject to audits by the auditor's office, giving rise to potential conflicts of interest. Proponents also argue that the ombudsman's office should be codified in the charter because it too performs an essential oversight role by investigating citizen complaints against city bureaus.

Although your committee was unable to identify any opponents of Measure 26-189, some of the individuals we interviewed nonetheless expressed reservations. Those reservations generally related to the incremental nature of the reforms. For example, council still would be able to request a City Budget Office analysis of the auditor's proposed budget, which could enable one of the conflicts of interest that the measure seeks to resolve. Budgetary constraints might prevent the auditor from being able to retain outside counsel. Additionally, Measure 26-189's requirement of periodic external reviews of the auditor's office might be an inadequate check against the auditor's new powers.

After careful consideration, your committee concludes that Measure 26-189 strikes an appropriate balance between values of independence and accountability. Even if the measure does not guarantee actual independence for the auditor in all circumstances, it nonetheless would increase the perception that the auditor is independent from other city bureaus, enhancing the credibility of the auditor's office by mitigating potential conflicts of interest that would compromise its credibility. We also view the proposal's incrementalism as a virtue. By retaining some of the existing budgetary and structural restraints on the auditor's office, Measure 26-189 ensures adequate checks on the auditor's authority.

Recommendation: Your committee unanimously recommends a "Yes" vote.

City Club members will debate and begin to vote on this report at the April 14, 2017 Friday Forum. Member voting will continue online through Wednesday, April 19. Until the membership vote is complete, City Club of Portland does not have an official position on this report and Measure 26-189. The outcome of the vote will be reported on April 20 in the City Club of Portland Bulletin Vol. 99, No. 5 and online at pdxcityclub.org.

TABLE OF CONTENTS

INTRODUCTION.....	4
BACKGROUND	4
Values-based analysis.....	6
Major assertions made in favor of Measure 26-189	7
Major assertions made against Measure 26-189	7
DISCUSSION & ANALYSIS.....	8
Codifying the ombudsman in the charter.....	8
Submission of auditor’s budget directly to City Council.....	9
Increased access to independent legal advice	10
Increased control over human resources and procurement.....	11
Checks on the auditor’s authority	11
Elections.....	11
Credential requirement	12
Internal and external controls and reviews.....	12
Council and the budget.....	13
CONCLUSIONS & RECOMMENDATION	14
SIGNATURES	14
ACKNOWLEDGEMENTS	15
WITNESSES	16
BIBLIOGRAPHY	16
END NOTES.....	17
ABOUT CITY CLUB	19

INTRODUCTION

Measure 26-189 will appear on Portland's May 16, 2017 special election ballot as follows:

Amends Charter: Increases Auditor's independence from audited agencies, adds duty.

QUESTION: Shall Charter be amended to increase City Auditor's independence from audited agencies and include Auditor's authority to investigate City agencies?

SUMMARY: The measure changes Charter provisions regarding the elected City Auditor, which were last updated in 1994. The Auditor's responsibilities have expanded since then to include more oversight functions, such as the ombudsman and lobbyist registration. Currently, the Auditor relies on and sometimes must seek permission from City agencies subject to the Auditor's oversight for legal, personnel, procurement, and budget services.

The measure increases the Auditor's independence by: allowing the Auditor to seek advice from independent legal counsel, giving the Auditor more autonomy over staffing decisions, designating the Auditor as a contracting agency, and authorizing the Auditor to submit budget requests directly to the City Council without review by an audited City agency. The measure requires periodic external reviews of the Auditor's Office.

The measure also establishes in Charter the Auditor's ombudsman function, which conducts impartial investigations into the public's complaints against City agencies. Currently, the ombudsman operates under authority granted in code. It has been in the Auditor's Office since 2001 and is a core component of the Auditor's oversight responsibilities.

Other provisions.

BACKGROUND

Portland voters established the city auditor position in 1864. The auditor initially served as the city's chief financial officer, overseeing accounting, accounts receivable and payable, financial audits, and performing other similar functions. Over time, the auditor acquired other administration and accounting responsibilities, including duties to supervise elections, maintain city archives and records, and serve as council clerk.

As the city grew, the role of the auditor expanded significantly. Voters approved a charter amendment in 1986 that authorized the auditor to conduct performance audits of city bureaus. In 1991, the auditor acquired the Hearings Office, which conducts impartial administrative hearings that are independent from other city departments. Other functions were located in the auditor's office, including the ombudsman and Independent Police Review in 2001, and a lobbyist registration program in 2006. As

a result, the auditor's office now serves an essential oversight role, in addition to its administrative duties.

To some extent, that oversight role is in tension with the auditor's place within city government. Although the auditor is directly elected by Portland voters, the city treats the auditor's office like a bureau in many respects, creating the potential for organizational conflicts. Among the bureaus that are subject to audit and investigation are three key offices within city government that exercise control over the auditor's office. As a result, the auditor's office has a responsibility to investigate and audit offices that have the ability to directly or indirectly constrain its oversight and administrative functions. Mary Hull Caballero, Portland's current auditor, has identified three circumstances in which apparent or actual conflicts can arise:

- The **Office of the City Attorney** provides legal advice to the auditor for pending audits and investigations. The auditor cannot seek outside counsel without permission from the city attorney, which is granted on a limited basis. And yet, the city attorney reports to — and works for — the mayor and city commissioners, who supervise the very bureaus under investigation. The city attorney also provides legal services to those bureaus.
- The **Office of Management & Finance** processes human resources and procurement requests from the auditor's office. However, the chief administrative officer of that office reports to the mayor and works for council.
- The **City Budget Office** reviews the auditor's annual budget and makes recommendations to council regarding funding for services and positions. But the budget office only reports to the mayor and works for council.¹

Hull Caballero argues that, at the very least, the current organizational structure gives “the appearance that the auditor's office is impaired by offices the auditor must hold accountable.”² For example, in recent years the Division of Audit Services has audited or investigated the Office of the City Attorney, the City Budget Office and several Office of Management & Finance bureaus.

According to Hull Caballero, the appearance that the auditor's office is “dependent on or beholden to” entities that it audits and investigates undermines its independence and credibility.³ She emphasizes that the auditor's office must be free from both *actual* conflicts and the *appearance* of conflicts. That view is shared by the U.S. Government Accountability Office.⁴

To address the identified conflicts, Hull Caballero proposed a package of charter amendments that the council unanimously referred to the voters earlier this year. Those amendments — presented to the voters as Measure 26-189 — would make four changes:

- **Codifying the ombudsman in the charter:** The amendments add the ombudsman position to the charter. The goal is to protect the Office of the Ombudsman — which conducts impartial investigations in response to public complaints — from retribution from the subjects of those investigations. The amendments do not alter the duties of the ombudsman position itself.
- **Submission of budget directly to council:** The auditor's office would submit its budget directly to council, which would evaluate that budget based on the auditor's priorities and duties. Although

review by the City Budget Office would no longer be required, council still would have the option to seek such a review after the auditor's office submits its proposed budget.

- **Increased access to independent legal advice:** The amendments would allow the auditor to retain independent legal counsel when necessary, without the need to obtain permission from the city attorney, and subject to funding by the auditor's office budget.
- **Control over human resources and procurement:** The auditor would gain control over human resources and procurement matters affecting the auditor's office. The auditor would be able to appoint employees, establish their compensation, and set overall staffing levels (subject to funding by council). The auditor also would have contract authority to procure goods and services necessary for the office.

Hull Caballero contends that Measure 26-189 maintains adequate checks against the auditor's authority. City Council retains ultimate control over the auditor's budget; voters would still weigh in on the auditor's performance during elections; and the auditor would be subject to existing professional credential requirements. Additionally, the amendments retain periodic external reviews of organizational efficiency and compliance within the auditor's office.

Values-based analysis

In preparing to write this report, your committee reasoned from key values that we believe Portlanders should consider when deciding how to vote on Measure 26-189. Important values implicated by this measure include:

- **Independence; avoidance of conflicts of interest:** To what extent would the charter amendments, if adopted, give the auditor's office independence from other city offices and bureaus, and eliminate actual or potential conflicts of interest?
- **Accountability of city government:** To what extent would the auditor's increased independence, as proposed in the charter amendments, facilitate oversight of city officials and enhance voters' trust in their government?
- **Accountability of the auditor:** Do the charter amendments maintain adequate checks on the auditor's authority and adequately ensure the performance and efficiency of the auditor's office?
- **Size and flexibility of government:** Do the problems identified (potential conflicts of interest between the auditor's office and other city offices and bureaus) warrant a charter amendment? Would enshrining these changes in the charter make it more difficult for city government to adapt to changing circumstances?
- **Incremental change vs. "it doesn't do enough":** Proponents contend that the amendments increase the auditor's independence in key ways, but some of them also say that the proposal does not go far enough. On balance, does the proposed package achieve enough to justify a "yes" vote?

Major assertions made in favor of Measure 26-189

- Giving the auditor's office increased independence from other city offices and bureaus would decrease the likelihood of actual or perceived conflicts of interest and would allow the auditor's office to more effectively execute the office's oversight role.
- Codifying the ombudsman in the charter would protect that position against retribution from the targets of its investigations and reports.
- The changes proposed are consistent with best practices among other public offices that perform similar auditing functions.
- Allowing the auditor increased access to independent legal counsel would help avoid situations where the city attorney's office provides legal advice to city offices with potentially adverse interests.
- Adequate checks and balances remain. Council would retain its authority over the auditor's budget. The auditor would have to stand for election and satisfy credential requirements. Additionally, the auditor's office would still be subject to external and internal reviews.

Major assertions made against Measure 26-189

- The proposed reforms would not achieve real independence. The auditor still would be subject to council's budgetary influence and control, and the cost of outside counsel would limit the auditor's ability to seek independent legal advice.
- Checks and balances would be inadequate. Voters do not perform a meaningful check on the auditor, and external reviews may not be frequent enough.
- Ending automatic review of the auditor's budget by the City Budget Office would potentially decrease policy input to council, while removing a built-in check on the auditor's authority.
- Amending the charter is not warranted because there have been no instances of actual conflicts or retribution as a result of auditor or ombudsman investigations. The risk of such conflicts occurring is mitigated by the professionalism of city offices.
- It is inappropriate to codify detailed functions and roles in the charter. Doing so decreases governmental flexibility.
- The reforms are too incremental. For example, although the ombudsman would be protected in the charter, Independent Police Review — a division that is also subject to political pressures and influence — would not be protected. Additionally, the auditor's office would not achieve budgetary independence because council could still ask the City Budget Office to review the auditor's proposed budget.

DISCUSSION & ANALYSIS

Codifying the ombudsman in the charter

The Office of the Ombudsman has existed since 2001, when council established that office in Chapter 3.77 of the city code. Since its inception, the ombudsman has been within and under the control of the auditor's office. The ombudsman's purpose is to conduct independent, impartial investigations of city offices and bureaus in response to citizen complaints about government services and practices.⁵ The ombudsman also manages the auditor's office's "OpenCity Tipline," which allows citizens and city employees a method to anonymously report fraud, corruption, waste and other abuses in city services.⁶

The ombudsman offers a forum for non-adversarial resolution of conflicts between citizens and the city, and the office's investigations have uncovered important matters of public concern. For example, the ombudsman's recent December 2016 report *Problem with City's Emergency Communications System* found that cell phones that hung up while on hold for 911 prevented operators from returning more than 18,000 emergency calls in 2015.⁷

Because the ombudsman's office is a creature of the city code, rather than being provided for in the charter, Auditor Hull Caballero contends that the very existence of that office is fragile. She expressed concern that the mayor and commissioners whose bureaus been investigated by the ombudsman could retaliate by amending the code in ways that weaken the ombudsman's authority or to strip funding from the ombudsman's office.⁸

Measure 26-189 attempts to address those vulnerabilities by codifying the ombudsman's role in the charter.⁹ Doing so would prevent changes to the ombudsman's essential powers and duties without a charter amendment, which requires the assent of Portland voters. The proposed charter amendments do not expand the ombudsman's powers beyond those already in the code.¹⁰

Two potential downsides merit consideration as voters consider this part of Measure 26-189.

The first relates to the role of the charter itself, more specifically, whether as a matter of governmental philosophy the city's foundational document should be expanded to include provisions relating to the ombudsman's office. For example, despite his vote in favor of the proposed amendments at council, Commissioner Dan Saltzman expressed at least some reservations about using the charter to delve into such matters, especially in light of the fact that very few city positions and offices are mentioned in the charter.¹¹

Second, as originally proposed to council, the amendments would have sought to add both the ombudsman's office and the Independent Police Review (IPR) division to the charter. IPR is part of the civilian oversight system under the auditor's control that investigates allegations of police misconduct. Like the ombudsman, it conceivably could be subject to political retribution as a result of the role that it plays within city government. IPR was removed from the proposal, however, after council members and community groups expressed concerns that adding IPR to the charter now could narrow the city's options to undertake changes to the police oversight system in the future.

Given that charter amendments relating to the auditor's office are infrequent (the last occurring in 1994),¹² it is now uncertain when the charter would be amended to include IPR.¹³

Those are valid concerns. IPR is not part of the proposed amendments that voters are considering on the May ballot, rendering that issue beyond the scope of this report. Given the importance of IPR's role and its potential vulnerability to political retribution, however, we urge City Club to consider studying the role, strengths and needs of IPR, as well as the larger issue of the police-public relationship in Portland.

In the meantime, we conclude that the ombudsman charter amendments in Measure 26-189 warrant voters' support based on the merits of those provisions. Codifying the essential powers and duties of the ombudsman's office in our city's foundational document will establish it as a city priority and protect it from underfunding that would compromise its critical functions. The ombudsman is an essential part of the auditor's oversight responsibility. Placing that office in the charter will help enhance the independence and credibility of its investigations and reports.

Submission of auditor's budget directly to City Council

Currently, the City Budget Office reviews the annual budget request for the auditor's office and makes policy recommendations to council regarding the proposed funding levels, services and staffing. The CBO performs a similar analysis for nearly all budgets submitted by city bureaus and offices, using set criteria and an internal deliberative process to prioritize requests. The goal is to assist the mayor and council in developing and passing city budgets.¹⁴

To some extent, tension exists between the roles played by the auditor's office and CBO. The Audit Services Division audits CBO, and CBO, in turn, analyzes the auditor's annual budget request. From our interviews with both the auditor and CBO's director, it appears that the two offices maintain good relations despite the expected tension between their respective roles.

Nonetheless, proponents of Measure 26-189 contend that the current organizational structure, which subjects the auditor's budget to mandatory CBO analysis, gives the appearance that the auditor's objectivity may be impaired by conflicting interests when auditing CBO.¹⁵ Although not necessarily disagreeing with that point, others emphasize that the CBO provides valuable budget and policy analysis to council.¹⁶

Measure 26-189 attempts to balance those concerns. The auditor's office would submit budget requests directly to council, which would consider those requests in light of the auditor's priorities and duties.¹⁷ Although a CBO analysis of the auditor's budget would no longer be required, the charter amendments would allow council to request a CBO analysis after the auditor has submitted his or her proposed budget.¹⁸ Council would retain ultimate authority to modify and approve the auditor's budget.

It appears highly likely that council will continue requesting CBO review of the auditor's budget, even if Measure 26-189 passes. Commissioners Fritz and Saltzman both noted during their interviews that they thought it was very likely that council would request CBO review of the auditor's budget. If that indeed occurs, council would continue to benefit from CBO analysis of the auditor's budget.

That information potentially comes at a cost, however. Continuing to subject the auditor's budget to regular CBO scrutiny arguably would mitigate much of the gains in budgetary independence that Measure 26-189 seeks to achieve. Stated differently, the fact that CBO review would occur after a near-

certain request from council (rather than automatically, as in the status quo) would not meaningfully change the budgeting dynamic.

Although the change affected by Measure 26-189 might not be as significant as it first appears, your committee views it as a step in the right direction for several reasons. First, allowing the auditor's office to submit its budget proposal directly to council is symbolically important because it recognizes the potential conflict between the oversight roles of CBO and the auditor's office. Freeing the auditor's office from an automatic CBO budgetary analysis enhances the perception of that office's independence because council has the option to remove CBO oversight, even if it ends up requesting such an analysis after its initial review of the auditor's budget. Second, requiring council to make an affirmative request for a CBO analysis places that decision where it belongs — with the people's elected mayor and commissioners. Finally, allowing for CBO review at the discretion of council strikes a reasonable balance between values of independence and accountability.

Increased access to independent legal advice

Like the council and bureaus, the auditor receives legal advice from the city attorney's office, which is tasked with providing legal services to the municipal corporation as a whole. Currently, there is no legal adviser within the auditor's office itself, and the auditor cannot hire outside legal counsel without the city attorney's permission.

That arrangement works fine in many circumstances, but when the auditor seeks legal advice from the city attorney's office relating to the auditor's oversight functions, e.g., audits and investigations, conflicts of interest can potentially arise. In that scenario, the city attorney's office might be required to provide legal advice to opposing parties: the office *performing* the audit or investigation and the office or bureau that is *under* investigation. In other words, the city attorney might at times be called upon to advise "both the watchdog and the watched."¹⁹

For example, the city attorney's office could be asked to provide legal advice to the Independent Police Review division (which is within the auditor's office) at the same time that it is providing legal advice to the Portland Police Bureau. That situation, in turn, could make it difficult for attorneys in the city attorney's office to give effective legal advice, and might damage IPR's credibility by leading citizens to believe that it is not meaningfully independent from the Police Bureau.²⁰ Concern about actual or perceived conflicts could even cause an auditor to avoid such conflicts by choosing not to seek any legal advice, potentially increasing the risk of legal liability and poor decision making.

The proposed charter amendments seek to address that problem by giving the auditor the option of obtaining legal services from the city attorney's office *or* independent legal counsel. The auditor would no longer be required to obtain the city attorney's permission before hiring outside counsel. The auditor also could conceivably use resources within his or her budget to establish a legal adviser position within the auditor's office, enabling access to counsel.

Such changes undoubtedly would give the auditor more flexibility when it comes to obtaining independent legal advice.

Your committee was initially concerned that the charter amendments might not provide adequate restrictions on the auditor's ability to seek outside counsel, potentially allowing the auditor to bypass

the city attorney's office in circumstances when the auditor's independence is not implicated or for political reasons. Discussions with both the auditor and the director of CBO allayed those concerns, however.²¹ Outside legal counsel is expensive. In light of that fact, the limited funds in the auditor's budget would provide a check against abuse because overuse of outside counsel would come at a cost to other services provided by the auditor's office.

Increased control over human resources and procurement

Under the existing structure of city government, the Office of Management & Finance has control over human resources and procurement decisions affecting the auditor's office. As with other aspects of Measure 26-189, proponents contend that potential conflicts – or, at the very least, the appearance of structural impairment – arise when an office that the auditor investigates has control over decisions affecting the auditor's office.

The proposed charter amendments would give the auditor control over human resources and procurement matters affecting the office. The auditor would have the power to appoint employees and to establish compensation for them.²² The auditor also would have control over staffing levels in the auditor's office, subject to funding by council.²³ Additionally, Measure 26-189 vests the auditor with contracting authority for purposes of procurement.²⁴

The proposed amendments place appropriate limitations on that authority. Among other things, Measure 26-189 requires the auditor's procurement practices to be consistent with city procurement policies, unless it would impair the auditor's independence.²⁵ It also maintains existing collective-bargaining procedures for the union positions within the auditor's office and authorizes the auditor to establish personnel policies for other auditor's office employees that are consistent with city standards.²⁶ Moreover, council would continue to serve as a check by having ultimate control over the budget of the auditor's office.

Checks on the auditor's authority

A concern raised throughout the research process was the question of whether the charter amendments retain adequate checks on the auditor's authority — in other words, who audits the auditor?

On balance, your committee concludes that there are enough controls to ensure that the auditor does not abuse the specific powers at issue in Measure 26-189. Most notably, council would retain control over the auditor's budget. The following discussion outlines existing checks, as well as new periodic external reviews that would be required by the charter amendments.

Elections

As with city commissioners and the mayor, Portland's voters have the opportunity to vote the auditor out every four years. However, there are concerns over whether voters can effectively hold the auditor accountable. Relative to other city offices, the auditor position has lower visibility and lower salience among the electorate. As several witnesses pointed out, Portland city auditors generally run

unopposed after being endorsed by their predecessor. Moreover, elections are a blunt accountability tool, and may not serve as an adequate check for this particular office.

Credential requirement

Another potential check on the auditor is the requirement that the person in the office be credentialed as a Certified Public Accountant, Certified Internal Auditor or Certified Management Accountant.²⁷ That credential requirement obligates the auditor to follow certain professional and ethical standards, requires attendance at continuing education classes, and holds the auditor accountable to professional bodies, such as the Oregon Board of Accountancy.²⁸ As a result, malfeasance leads to career consequences for the auditor, not just political risks.

In practice, credentials may be an incomplete accountability measure. Indeed, some people believe the credential requirement lessens the auditor's accountability because so few professions are eligible for the auditor's position and as a result voters are rarely offered a choice between candidates. Commissioner Amanda Fritz proposed doing away with it or modifying it to add more qualifying positions – attorneys, archivists or those certified in other such skills – reasoning that doing so would open elections to a larger pool of candidates.²⁹ After hearing public testimony, she withdrew the proposed change, and it is not in the final version of Measure 26-189.

Internal and external controls and reviews

In addition to elections and the credential requirement, the auditor is subject to a variety of reviews and control measures. Were voters to approve the charter amendments, one important external control mechanism would stay in place: the office's financial and performance audits would be required to adhere to generally accepted governmental auditing standards (GAGAS) published by the U.S. Government Accountability Office.³⁰

Measure 26-189 proposes an additional check, an external review of organizational efficiency and compliance to be performed at least once every four years.³¹ In addition, like most city bureaus and offices, the auditor's office currently has internal controls in place — policies, procedures and other measures established by management to ensure that the office functions ethically and efficiently.^{32,33}

Many of those controls and reviews are necessarily targeted, and the auditor has considerable latitude in directing what they focus on.

Currently, reviews of the auditor's decisions are conducted by city staff when they pertain to human resources, procurement and the budget. Those city bureaus must grant permission before the auditor can act, even when they are being audited or investigated. To overcome those conflicts of interest, the proposed charter amendment would require the auditor to maintain internal controls but also seek reviews by entities other than city bureaus. The current auditor indicated that she sees outside reviews as valuable to realize efficiencies, find areas for improvement and demonstrate accountability to the public.³⁴

Your committee concludes that the efficacy of these controls as accountability measures will depend largely on the willingness of individual auditors to employ them effectively.

Council and the budget

Many of the changes in Measure 26-189 give the auditor new authority to spend money without automatically appropriating funds for those purposes. For instance, the proposed changes allow the auditor to hire independent legal counsel, but the auditor must make room in his or her budget in order to do so. We believe that council's power to set and approve the auditor's budget will serve as a significant check on the auditor's authority, regardless of whether Measure 26-189 passes.

That said, the budgetary check provided by council raises many of the same concerns that motivated these charter amendments in the first place, but additional solutions other than charter amendment are necessary to full address the problem because council's authority resides in state law. Both the current auditor and past auditors have expressed concerns about council's authority over the office's budget, describing that structural arrangement as presenting a potential conflict of interest due to council's dual legislative and executive roles.³⁵ Future changes intended to resolve this tension should balance the auditor's need for independence with the need for accountability of the auditor's office.

CONCLUSIONS & RECOMMENDATION

As the discussion above shows, the proposed package of charter amendments strikes a balance between the values of independence and accountability.

First, codifying the ombudsman in the charter is an important reason to vote “Yes.” By investigating citizen complaints, the ombudsman serves an essential role in Portland’s government. That position inevitably will be in tension at times with the offices and officials that it investigates. Codification in the charter will protect the ombudsman from the subjects of its investigations, strengthening the independence of the ombudsman role and, as a result, the accountability of city government as a whole.

Second, the proposed reforms would enhance the auditor’s independence. Doing so decreases the likelihood of conflicts of interest and the perception that the auditor’s office is impaired by the offices and bureaus that it investigates. Admittedly, some of the proposed reforms (budgetary independence, for example) are incremental, and may not look very different from the status quo once implemented. But we believe that, on balance, Measure 26-189 is a step in the right direction.

Third, meaningful checks on the auditor’s authority will continue to exist, regardless of whether Measure 26-189 passes. This finding is important to our ultimate recommendation. Increased authority must be accompanied by sufficient checks against abuse of that power. The proposed charter amendments retain council’s budget authority, the auditor’s credential requirements, and periodic external reviews. Although some of those checks, when viewed individually, may not be as strong as we would like, we believe those accountability measures are adequate collectively.

We recognize that the charter should not be amended lightly. Unlike provisions in the city code, provisions codified in the charter are not easily amended once in place. But we believe that this particular package of reforms justifies a charter amendment. Measure 26-189 achieves greater independence for the auditor’s oversight role, decreases the likelihood of apparent and actual conflicts, and retains appropriate accountability measures.

Your committee unanimously recommends a “Yes” vote on Measure 26-189.

SIGNATURES

Respectfully submitted,

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Eric Fruits, Research Board Adviser

Christian Trejbal, Interim Research & Policy Director

Beau Woodward, Research Civic Associate

Allison Schneider, Research Civic Associate

WITNESSES

Amanda Fritz, City Commissioner, March 6, 2017.

Mary Hull Caballero, Portland City Auditor, Feb. 8, 2017 and March 16, 2017.

Kristin Malone, Chair, Independent Police Review division, Citizen Review Committee, Feb. 23, 2017.

Dan Saltzman, City Commissioner, March 3, 2017.

Andrew Scott, Director, City Budget Office, March 2, 2017.

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END NOTES

- ¹ Mary Hull Caballero, interview on Feb. 8, 2017.
- ² City of Portland, Office of the Auditor. (2017). *Protecting the Auditor's Independence: Proposal to Amend City Charter*, Jan. 25, 2017 Presentation (PowerPoint) to City Council. Auditor Hull Caballero (Presenter). Hull Caballero shared an annotated version of her presentation with your committee, including comments that she made to council. This report cites to – and, at times, quotes from – that annotated version.
- ³ *Protecting the Auditor's Independence: Proposal to Amend City Charter*, Jan. 25, 2017 Presentation.
- ⁴ U.S. Government Accountability Office (GAO). 2011. *Government Auditing Standards: 2011 Revision*. Retrieved from gao.gov/assets/590/587281.pdf.
- ⁵ City of Portland, Office of the Ombudsman. *Frequently Asked Questions about the Ombudsman's Office*. Retrieved from portlandoregon.gov/ombudsman/58620.
- ⁶ Office of the Ombudsman. *OpenCity Tipline Frequently Asked Questions*. Retrieved from portlandoregon.gov/ombudsman/article/437536.
- ⁷ Office of the Ombudsman. (Dec. 21, 2016). *Problem with City's Emergency Communications System*. Retrieved from portlandoregon.gov/ombudsman/article/621588.
- ⁸ Mary Hull Cavallero, interview on Feb. 8, 2017; *Protecting the Auditor's Independence: Proposal to Amend City Charter*, Jan. 25, 2017 Presentation.
- ⁹ Portland City Council (Feb. 1, 2017). Resolution No. 37265, *Exhibit A (Measure 26-189), Article 5. The Auditor, Section 2-509*. As Amended. Retrieved from portlandoregon.gov/auditor/article/626896.
- ¹⁰ See the proposed charter amendment in Measure 26-189, Proposed Article 5, Section 2-509, and existing provisions governing the ombudsman's office in City of Portland, Code of the City of Portland (Portland City Code). *Chapter 3.77 Office of the Ombudsman*. Retrieved from portlandoregon.gov/citycode/28449.
- ¹¹ Dan Saltzman, interview on March 3, 2017.
- ¹² City of Portland. *City Charter. Article 5, The Auditor (Amended May 18, 1994)*. Retrieved from portlandoregon.gov/citycode/?c=28241.
- ¹³ Kristin Malone, interview on Feb. 23, 2017.
- ¹⁴ Andrew Scott, interview on March 2, 2017.
- ¹⁵ *Protecting the Auditor's Independence: Proposal to Amend City Charter*, Jan. 25, 2017 Presentation.
- ¹⁶ Andrew Scott, interview on March 2, 2017; Dan Saltzman, interview on March 3, 2017; Amanda Fritz, interview on March 6, 2017.
- ¹⁷ Measure 26-189, Proposed Article 5, Section 2-505.

¹⁸ Ibid.

¹⁹ *Protecting the Auditor's Independence: Proposal to Amend City Charter*, Jan. 25, 2017 Presentation.

²⁰ Ibid.

²¹ Andrew Scott, interview on March 2, 2017; Mary Hull Caballero, interview on March 16, 2017.

²² Measure 26-189, Proposed Article 5, Section 2-506(b).

²³ Ibid.

²⁴ Measure 26-189, Proposed Article 5, Section 2-506(d).

²⁵ Ibid.

²⁶ Measure 26-189, Proposed Article 5, Section 2-506(b).

²⁷ Portland City Charter, Article 5 The Auditor, Section 2-501. The proposed charter amendments retain the professional credential requirement. Measure 26-189, Proposed Article 5, Section 2-502.

²⁸ Oregon Board of Accountancy. *About Us*. Retrieved from oregon.gov/boa/Pages/about_us.aspx.

²⁹ Amanda Fritz, interview on March 6, 2017.

³⁰ Measure 26-189, Proposed Article 5, Section 2-508(a); GAO. 2011. *Government Auditing Standards: 2011 Revision*. Retrieved from gao.gov/assets/590/587281.pdf.

³¹ Measure 26-189, Proposed Article 5, Section 2-506(c).

³² Mary Hull Caballero, interview on March 16, 2017.

³³ City of Portland, Audit Services Division. *Quality Control and Peer Review*. Retrieved from portlandoregon.gov/auditservices/article/557281.

³⁴ Mary Hull Caballero, interview on March 16, 2017.

³⁵ Mary Hull Caballero, interview on Feb. 8, 2017; *Protecting the Auditor's Independence: Proposal to Amend City Charter*, Jan. 25, 2017 Presentation.

ABOUT CITY CLUB OF PORTLAND

The mission of City Club is to inform its members and the community in public matters and to arouse in them a realization of the obligations of citizenship.

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