



Multnomah County Charter Review

Government Accountability Subcommittee

April 14, 5:30 – 7:00 pm

SUBCOMMITTEE MEETING 5

Purpose: To learn more about the operations of government auditors.

Attendees

Committee Members Present

- Marc Gonzales (he/him)
- Annie Kallen (she/her)
- Jude Perez (they/them)
- Maja Harris (she/her)
- Theresa Mai (she/her)

Staff:

- Kali Odell (she/her), Charter Review Committee Program Coordinator

Invited Speakers:

- Mary Hull Caballero, City of Portland Auditor
- Gary Blackmer, Former Multnomah County Auditor

In addition, members of the public were welcome to observe the meeting as non-participatory attendees. Two members of the public observed.

Welcome

Maja welcomed the subcommittee and gave an overview of the evening's agenda. Mary Hull Caballero, Portland City Auditor, and Gary Blackmer, Former Multnomah County Auditor were present to speak with the subcommittee about Charter amendments proposed by the Multnomah County Auditor.

Panel Discussion with Auditors

Mary Hull Caballero said many of the amendments proposed by the Multnomah County Auditor are similar to changes made to the City Auditor's Office in Portland's Charter during her tenure. A lot had changed and grown in the City Auditor's Office and the Charter had not grown with it. When she took office she found that it was difficult to ask permission to execute things critical to the auditor's office from other offices that were being audited. She would receive guidance that aligned with the interests of City Council. She said there is an independence issue when the auditor has to be deferential to people that they audit.

Mary Hull Caballero said it took 18 months to persuade City Council to refer changes to the voters. Some of those efforts, modernizing the Charter and authorizing independent legal counsel were similar to what the Multnomah County Auditor proposed to the subcommittee. She said that the Portland Auditor made some headway with its office's budget, but there was more to do and the County Auditor's proposal went further than what the city currently does. She said that the city's charter amendments gave the auditor authority over its own human resources decisions, like classification and compensation, which the County Auditor had not asked for. The voters supported the City Auditor's proposals. Mary Hull Caballero said she supported the principles put forward by the County Auditor, although she could not speak to the formula the County Auditor used for setting her proposed budget floor.

Gary Blackmer said when issues arose around personnel in the auditor's office he was always left wondering if these were actual rules/processes or if there was some retaliation happening. Gary Blackmer said he worked in Portland City Hall for 10 years and only one commissioner during that time asked if he was satisfied with his budget. He was not in the room and did not have a say in the budget process.

Gary Blackmer said he kicked around the idea of a percentage of the budget while he was the Multnomah County Auditor, but the County was going through some big cutbacks while he was there. He pointed out that the County gets state and federal funds for running programs, and so focusing on a percentage of the county's general fund would not get funding to focus on those programs. He thought there needed to be audits of state and federal funds and asking for a percentage of the total budget instead of the county's general fund would allow the Auditor to access state and federal funds, as well.

Gary Blackmer shared that he developed the ombudsman office for the City of Portland while he was the auditor there. That office was useful for smaller problems that were real issues but did not require an audit, like when an employee did not understand City rules. The ombudsman was the hotline investigator, as well.

Gary Blackmer flagged one part of the Auditor's recommendation, which included wording about ensuring the implementation of the Auditor's recommendations. He said that requiring implementation of all recommendations may not be ideal. First, some recommendations were more important than others, and it could be detrimental to slow or derail a department's work in order to focus on implementing recommendations that may be less essential to the department's ability to function.

Second, Gary Blackmer added, authority for enforcement would undermine the Auditor's independence. If the auditor was responsible for ensuring implementation, they would essentially be in the position of managing the department implementing the recommendation. He pointed out that if the Auditor managed implementation of a new system or idea, they could not be relied on to objectively evaluate the department's progress later since it would essentially be auditing their own idea. He suggested changing proposed Charter language to "monitor and report" instead of "ensure", which he thought would support the Auditor in following up on recommendations without being responsible for implementation.

Gary Blackmer told a story about how Oregon State legislators asked for a report on responses to state audits, and they found that 80-82% of the state auditors' recommendations were implemented. He said there was a misperception that auditors' recommendations were not being implemented and having an impact. He said there were many tools like this to help elected officials see the response to the Auditor's work.

Maja asked Gary Blackmer if he could share more about his work experience with the subcommittee and anyone watching the meeting.

Gary Blackmer said he started in the Multnomah County Sheriff's Office. The office was audited by the County Auditor and he thought that seemed like a cool job. He applied for a position as a staff auditor with the City of Portland, where he worked for about six years. Eventually he ran for County Auditor and was County Auditor for eight years. Next, he ran unopposed for City Auditor and was there for 2.5 terms. He felt burned out and retired, but then was asked by Secretary of State Brown to be the audit director in her office. He oversaw 70 auditors and was there for six years. He retired five years ago and continued mentoring auditors and just finished writing a book about performance auditing.

Gary Blackmer said he supported all of the proposals made by the County Auditor. He added that one concern he had when he was the county's auditor was that the county contracts out a lot of social services (homeless services, drug and alcohol counselors). There was not a lot of accountability for those contractors. He thought there should be a mechanism for reporting complaints from those services. At the time he urged the Chair (to have a sticker or information shared by service providers that could direct people who use the services to an ombudsperson. He remarked that the Auditor could also do this. He thought it was very important to have a feedback process.

Mary Hull Caballero said the County takes care of the most vulnerable people in the community. She said it was important to have an independent person who can listen to the issues and then go to the decision-makers and figure out how the decisions that impacted this person were made. She said sometimes the ombudsman would find that the City/County acted properly within their authority, and sometimes they would identify injustice and mediate solutions. She said this can provide an early warning sign for issues in the jurisdiction, and that the ombudsman could also study trends in complaints as well as individual situation.

Maja clarified that the language the subcommittee was reviewing was submitted by the County Auditor. She opened the conversation up for subcommittee members' questions.

Marc said he had worked at Clackamas County and with that county's treasurer, where that county's auditor was situated. Marc asked if Mary Hull Caballero or Gary Blackmer knew if there was an overhead cost recovery model used for other services at Multnomah County.

Gary Blackmer said there was when he worked at the county and that he believed Portland had something like that, as well.

Marc asked if they thought that model would be appropriate for this situation.

Gary Blackmer said he thought so and that was how it worked when he was there, but that the County budget shifted after he left to a more program-based model, which he thought was a good one. He was not sure how it currently worked at the county.

Annie asked about the difference between the general fund and the county's total budget.

Gary Blackmer explained that the general fund was made up of unrestricted dollars that came from some different tax sources in the county. But the county also received state and federal funds for specific programs or uses, and those are part of the total budget. He questioned why the general fund should pay for the audits of state and federally funded programs. He said there were a number of other models that could be used; for example, contracting departments to cover the costs when they were audited, although that could create issues if the department does not have the funds in its budget to cover the audit. He said it was better to use an overhead model for the total budget. That way, each department would pay some money every year, even though they would not all be audited every year, which would allow them to pay for the costs of any eventual audits over time.

Mary Hull Caballero noted the County Auditor's intention for her budget proposal was to gain independence so the Auditor is not dependent on the Board of Commissioners to make decisions like whether she can add an auditor or hire independent legal counsel. She said it was difficult to balance that independence and establish a revenue stream that was not volatile. When the Portland Auditor tried to figure this out, including looking at a rolling average model, they found that all of the forecasts were very volatile for their budget. Instead the Portland Auditor looked at having a cap for their office with a regular increase each year, which could be voluntarily forfeited in tight budget times. She wanted to establish that the auditor's budget would not be cut unless other elected officials' budgets were cut. She felt this would level the playing field so that auditor funds would not be cut or reallocated elsewhere based on what the City Council thought was most beneficial for it. Mary Hull Caballero said she has not been able to convince the Portland City Council to implement this model,

but she hoped that if there was a change in the city's form of government, making City Council a legislative body only, there might be more support. She pointed out that the Metro auditor presented his budget to a legislative body only, which was not responsible for responding to audits, and that difference in forms of government could make a difference. She remarked that the County Auditor may have done all of this research and was comfortable with the model she proposed and was not seeing the same volatility with the county budget.

Jude asked what percentage of the budget is allocated to the Portland Auditor's Office.

Mary Hull Caballero said it was less than 1%.

Jude asked if Mary Hull Caballero felt like she could do a good job or what she wanted to do with that budget.

Mary Hull Caballero said she had a great staff and that an auditor looked at whether things were efficient and effective. She emphasized the importance of equity in all aspects of the auditor's work when she came into the office. She said that they identified the need for someone who could do outreach and have community inform audit ideas. She had to wait for someone to retire to reallocate those resources for a new position. She said that if she could project her budget out five years she would be able to plan for adding a position and not have to wait for someone to retire. She also said that when the auditor's budget does not grow with the size of the community, there probably were not a sufficient number of audits being performed. She remarked that the County Auditor's request for an ombudsperson and funds for independent counsel reflected a need for governments stop starving accountability mechanisms and to modernize, and that the County Auditor needed help doing that. She felt a lot of other offices were in the same boat.

Jude said that they understood the County Auditor's budget had not increased for years and asked Gary Blackmer what his experience was like when he was the Multnomah County Auditor.

Gary Blackmer clarified that the Portland Auditor did oversee other functions besides auditing, unlike the County Auditor, which impacted budget needs. He said when he started at the County he had to immediately get cut the deputy auditor position. He started with four auditors and a staff person, and ended with five auditors and a staff person. There were always more audit ideas than he could conduct, but he thought it was good that they always had work and could pick the best topics to focus on. He did not feel like he needed a huge office, but having one or two more staff could have been helpful and an ombudsman would have been really useful. They had one auditor per 1,000 employees at the time and he thought that would be an easier metric to think about than dollars. He noted he thought the county staff had grown since then.

Theresa asked Mary Hull Caballero about the City's ability to audit contractors.

Mary Hull Caballero said this can be a fight her office has with the city since they sometimes negotiate the audit clause out of contracts, which is a problem for oversight. She said her office would not typically audit the organizations that were contracted, but would audit how the City was managing its contracts and whether it was delivering on taxpayers' expectations.

Maja said the County Auditor wanted to codify the Good Government Hotline and ombudsman. The hotline already existed, but the ombudsman did not. She asked Mary Hull Caballero and Gary Blackmer what they

thought were the benefits of codifying these. How specific did they think the Charter should be and would expanding the auditor's independence be sufficient for allowing these things to exist? She noted that once the hotline and ombudsman were in the Charter, the Auditor could not reassess if they thought those funds would be better used on something else.

Mary Hull Caballero said there was value in modernizing the City's Charter and establishing what the City's auditor does. A Charter amendment allowed for input and approval from the public, which carried more significant weight. She said there is also power in being able to point to explicit Charter sections for support when she faces resistance to her office's requests for information. That had not happened often, but the Charter was a valuable tool when it did. She said she understood that the County Attorney told the County Auditor these things should be done through the Charter. Mary Hull Caballero thought that sounds like the right place for them so that only the voters could take them away. Portland put its ombudsman in its charter. She said there was a question asked about whether both an ombudsman and a hotline were needed, and she clarified that they do different things. She said Portland's hotline was not currently in its code or its charter, but that was on her to-do list.

Gary Blackmer said that there was a state framework that allows for a hotline to protect confidentiality that had not existed for local governments. He thought putting the hotline in the County Charter would strengthen protections.

Marc said Auditor McGuirk shared what he thought was an ambitious plan to expand her staff and have them develop expertise in different audit areas. He noted that local government oversees some widely diverse activities that required a lot of training to understand. He asked if the speakers thought it was generally better to hire more permanent staff who would be trained to audit different government functions or to bring in outside contractors who had specific expertise to perform audits when the occasion called for it.

Gary Blackmer said he found that outside contractors were helpful supplements to what auditors could do, and at a cheap price. He pointed out that the County Auditor would still need funds for contract work.

Mary Hull Caballero said that Portland had all generalists. When they get into something technical, they do bring in experts to help. The only audit she could think of that they fully contracted out was for information technology. She was wary, but they delivered a great report. She contracted out because she oversees the city's archives, which were part of the audit, and she could not audit herself. She said that a skill for auditors is starting with low information and developing expertise over the course of a project. She did not know if the county had areas where a specialized auditor was needed.

Gary Blackmer seconded what Mary said about IT and noted it was a high risk area and that it was hard to keep people with expertise in those areas on staff because they can make so much more money elsewhere.

Maja confirmed that the speakers would be willing to respond to follow up questions from the subcommittee after the meeting was over.

Annie asked if they were aware of any other funding models that the speakers would recommend the subcommittee explore as alternatives to the model proposed by the County Auditor.

Mary Hull Caballero said she looked at a lot of models for Portland. One that she looked at established a budget floor, but they never got additional funds allocated to them above that, which caused concern. She did not find a perfect model, and the best she found was the one she described to the subcommittee earlier.

Public Comment

No one was signed up to give verbal public comment.

Kali summarized the written public comment submitted to the subcommittee by Thomas Busse, which concerned adding requirements for public meetings and public records in the Charter.

Wrap-Up

Maja told the subcommittee that Kali had suggested inviting a panel including the Chair, the Chief Operating Officer (COO), and the County Budget Director to provide a different perspective on the Auditor's proposed amendments. Maja asked if the subcommittee wanted to do this. She recognized that there could be an inherent tension between these offices and the Auditor's proposal.

Subcommittee members were in support.

Kali shared that the Chair was interested in talking to the subcommittee on April 28th. Kali said that she would reach out to the COO and Budget Director.

Maja told the subcommittee that she and Jude had put together some reflection questions to help the subcommittee members work through the proposals they were considering. She suggested that people could get together in pairs, if they wanted, to work on the reflection questions. She showed the subcommittee a portion of the reflection questions document.

Maja asked if the county would do fiscal impact and legal evaluations of Charter Review Committee recommendations before they were referred to the ballot. She said she thought it would give the subcommittee some comfort to have that analysis when making recommendations that could significantly impact the budget.

Kali said Katherine Thomas (Assistant County Attorney) would address some of this at the next full MCCRC meeting. She added that the county could not provide analysis for a bunch of possible scenarios and that the subcommittee or full committee would probably need to present a specific proposal for analysis to occur.

APPENDIX A: ZOOM CHAT

01:03:24 Jude (They/Them): Thank you Mary and Gary!

01:27:01 Annie Kallen she/ her: That sounds good to me.

01:28:14 Marc Gonzales (he,him): I like the idea of hearing from all that we can fit into our time together.

01:32:23 Annie Kallen she/ her: Love these questions.