

Auditor's Office & County Charter

Presentation to Government Accountability Subcommittee
Multnomah County Charter Review Committee

March 2022



Jennifer McGuirk, MPA, CIA, Multnomah County Auditor

Hi everyone. I'm Jennifer McGuirk, the Multnomah County Auditor. I use she/her pronouns. I really appreciate this opportunity to talk with you about my office and our proposed amendments to the County Charter. I want to thank each of you for your service to the county. Your work is extremely important, and I appreciate you stepping up to serve.

Subcommittee's requested agenda

- A brief overview of what your office does.
- In plain language, what would each of the amendments allow your office to do and why is that important?
- How would each amendment further transparency, accountability, and equity? These are core values for the committee.
- Which of the proposed amendments do you think are most urgent/critical?
- Our co-chairs also asked if you'd be willing to share what resources and/or people you would recommend the subcommittee seek out if they explore your proposed amendments.

This slide goes over the items you asked me to discuss.

What the Auditor does

Auditor is directly accountable to voters & is elected on a countywide basis.

Our office's mission is to ensure that Multnomah County government is efficient, effective, equitable, transparent, and fully accountable to all who live in our county.

As shown on this slide, I'm directly accountable to voters and am elected on a countywide basis.

My office's work is very much aligned with the values of this subcommittee. Our mission is to ensure that Multnomah County government is efficient, effective, equitable, transparent, and fully accountable to all who live in our county.

What the Auditor does our approach

- Serve the public interest
- Act in integrity
- Adhere to high ethical standards
- Use an equity lens
- Be trauma-informed

The way we approach all of our work is grounded in adherence to generally accepted government auditing standards. We prioritize our responsibility to serve the public interest. We act in integrity and adhere to high ethical standards. We use an equity lens and a trauma-informed approach in all of our work.

What the Auditor does why our work is important

- Critical to ensuring government is accountable, transparent, effective, and equitable.



Multnomah County Auditor Jennifer McGuirk

December 3, 2021 · 🌐

This week my office issued 2 very different communications about how the county is operating. One was a generally positive report on how the county has spent pandemic-related funds. The other was a memo required by government auditing standards on how the Joint Office had not been transparent in its verbal and written reporting. While the messages were very different, they both came from the same place: a dedication to ensuring the county is transparent with you and accountable to you.

Our work is important because it helps ensure government is accountable, transparent, effective, and equitable.

The image on this slide is from one of my office's social media posts. I've included it here because it reflects my office's commitment to reporting accurate information to the public. In this particular post, we talked about publishing a pretty positive report about how the county had spent pandemic funds, noting that the county seemed to do so in alignment with its stated commitment to leading with race. The post also talks about a memo we issued about how the Joint Office of Homeless Services needed to be more transparent in its reporting to the public. The messages of these communications were quite different, but they both came from our dedication to ensuring the county is transparent with the public and accountable to the public.

We want to help people know how their government works, what is working well, and what needs to change. We often give voice to problems that people may feel most comfortable ignoring. As we do so, we also acknowledge the value of county programs and employees.

What the Auditor does why our work is important

Services for People with
Intellectual and
Developmental Disabilities
Quality of Care at Risk
October 2019



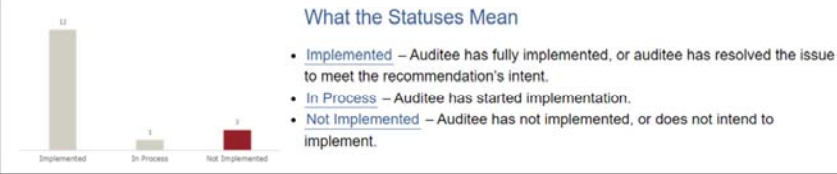
Multnomah County Auditor's Office
Jennifer McGuirk, Multnomah County Auditor

We also identify barriers that impede the county's mission to help people, as we did in this audit of services for people with intellectual and developmental disabilities. For that audit, we noted how changes mandated by the state were negatively impacting the quality of services.

What the Auditor does why our work is important

The Multnomah County Sheriff's Office did not implement our recommendation to expand the use of free-phone calls or modify lobby video visit operations to allow for safe use.

For Library locations, the county did not implement our recommendation to add COVID-19 specific cleaning and disinfecting requirements into its contracts with janitorial providers prior to adding substantial in-person capacity.



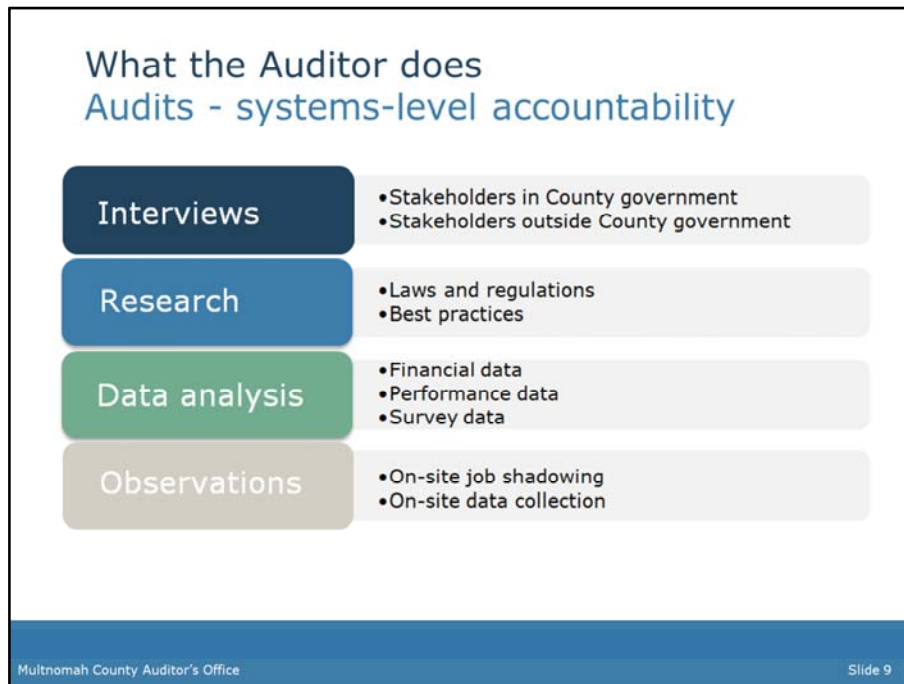
And we provide pressure on county management to address problems and implement recommendations. This slide has an excerpt from one of our recent reports on the status of recommendations from our first audit of the county's pandemic response. We follow up on the status of recommendations and reporting to the public on what we find.

What the Auditor does key responsibilities

- Conducting performance audits (similar to evaluations)
- Operating the Good Government Hotline to help catch and prevent fraud, waste, and abuse of position in county government

The current Charter language about the Auditor is quite short. It does spell out that the Auditor is to conduct performance audits of all county operations and financial affairs. We serve our accountability function primarily by conducting performance audits and overseeing the Good Government Hotline.

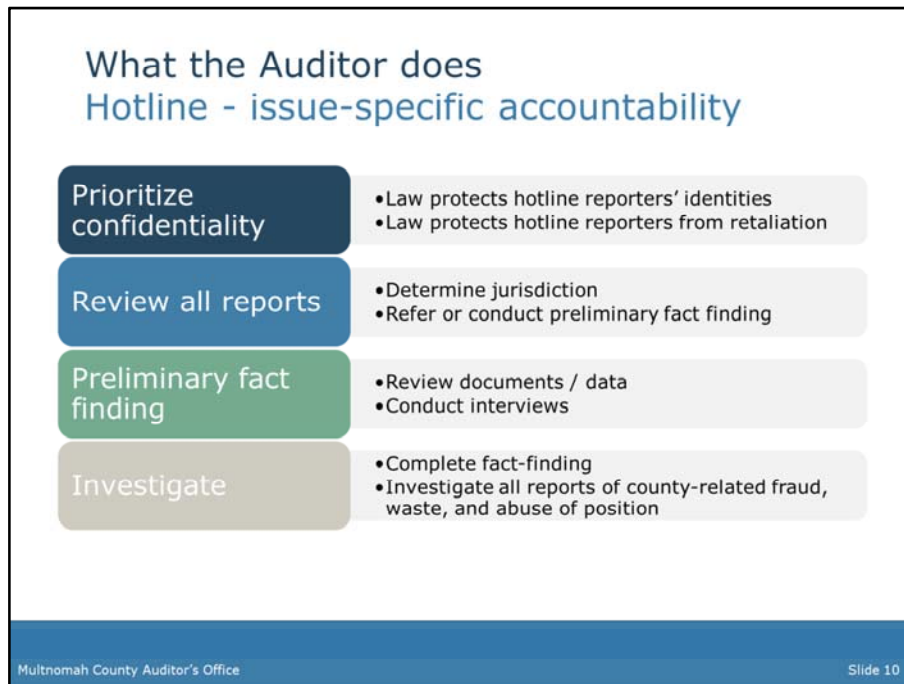
The majority of things we can audit report up to the County Chair. Others report to the Sheriff or District Attorney.



Our audits provide systems-level accountability to the public. As shown on this slide, during each audit, we conduct interviews, research, data analysis, and observations.

We examine a program, process, or service and make recommendations for improvement. This is really in-depth work. Each audit takes about a year, which means with my current staffing, we generally publish three or four audits a year.

Our audits are focused on describing how a program operates, and areas that need change. We pay particular attention for opportunities to improve accountability, transparency, and equity. For example, each audit includes at least one recommendation related to supporting racial equity.

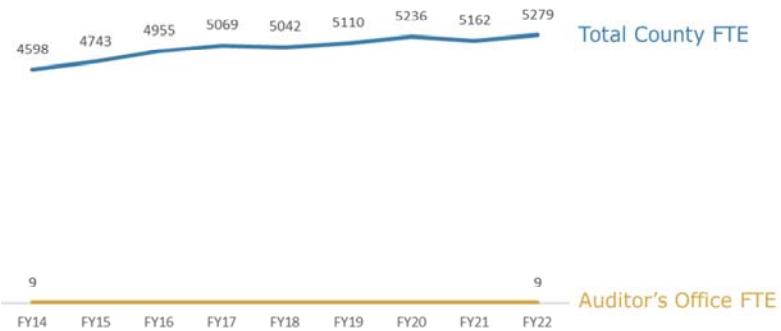


We also provide issue-specific accountability through the Good Government Hotline to provide county employees and community members with a confidential method for reporting suspected fraud, waste, or abuse of position.

As shown on this slide, we prioritize confidentiality. People can make reports anonymously, but even if they don't, we protect reporter confidentiality to the fullest legal extent. And we investigate all reports involving fraud, waste, and abuse of position in county government.

The hotline is critical because it helps prevent financial losses of the county operations that we all pay for. It also provides our office with a sense of community member and employee concerns, which inform audit choices, particularly related to equity within county operations and the overall transparency of county operations.

Since fiscal year 2014, the County's total full-time equivalent employees increased 15%, while staffing for the Auditor's Office has stayed flat.



Source: Auditor's Office analysis. The total full-time equivalent figures include the Auditor's Office's staff.

To do all of this work on the public's behalf, there's me, one constituent relations specialist, and seven staff auditors.

While the Auditor's Office hasn't grown over time, the rest of the county has. The number of county employees has grown 15% since 2014 alone.

And these employees are doing critical work. They're providing direct services, such as to people in primary care clinics. They're setting up the new Preschool for All program. And they're doing one-time, but lasting work, like working on making the Burnside Bridge earthquake ready and allocating millions of dollars in pandemic-related funds.

For all of these programs and projects, there are chances to learn from what we're doing, celebrate what's good, and envision ways of serving people better. Audits are a critical tool for this learning process. They're also a critical tool for speaking truth to power. But right now, my office doesn't have the capacity to provide the oversight the county deserves.

What the amendments would do

- Improve transparency about the Auditor's role
- Align with model legislation by the Association of Local Government Auditors
- Support accountability, transparency, & equity in county government

Multnomah County Auditor's Office

Slide 12

As described on this slide, the amendments I am proposing will improve transparency with the public about my role. They'll align the office with model legislation for government auditors. They will enable us to better ensure transparent, accountable, and equitable government.

The Charter language governing the Auditor's core auditing role has not changed since the 1980s. Back in 2019, I spoke with the County Attorney about establishing Code that would clarify the Auditor's role and bring the county into alignment with the model legislation.

The County Attorney pointed out that having the Board of County Commissioners pass an ordinance about the Auditor's Office could hurt my office's independence from other county elected officials. Instead, it would make more sense to have the people decide whether to adopt amendments to the Auditor's Office in the County Charter. As a result, the amendments I have proposed are more detailed than the kind of language you generally find in the Charter.

I appreciate that the county strives to ensure that the Charter is flexible, but in this case, I think the language needs to be expanded in specific ways to ensure that the Auditor can conduct audits without a fear of retaliation by a Chair and without a fear that they will be prevented from reviewing government data and records, or interviewing officials.

The Auditor has operated a hotline since 2007, and it needs to be in Charter so that the Auditor will have clear authority to operate the hotline without county management questioning that authority.

I am also proposing adding a new function to the Auditor's Office, which is to create an ombuds at the county.

How we developed the amendments

- Based on model legislation by the Association of Local Government Auditors (ALGA), Portland Charter, Metro Charter, & state laws
- Feedback & guidance from
 - Portland Auditor
 - Members of ALGA's Advocacy Committee
 - Auditor's Office staff
 - Auditor's Community Advisory Committee

I wanted to take just a moment to recognize the resources and people on this slide. Creating these amendments for your consideration has been a group effort. I appreciate the support my staff and I have received along the way from the Association of Local Government Auditors, the Portland Auditor, and our Community Advisory Committee.

How would each amendment further transparency, accountability, and equity?



Budget. In each annual budget, the board of county commissioners shall provide the auditor with the funding for the facilities, equipment, staffing, and services necessary for the office to perform its duties assigned under this Charter and County Code. Necessary funding shall be defined as an amount equal to at least 1% of a five-year rolling average of the county's adopted general fund expenditures budget. The auditor shall submit the office of county auditor's annual budget to the commission. The auditor may establish a Community Budget Advisory Committee for the Auditor's Office.

- Puts the power to set the Auditor's budget floor in the peoples' hands
- Eliminates current conflict of interest

I thought I could briefly walk through the amendments to answer your question about how each proposed amendment will further transparency, accountability, and equity. I'm going to start with slides like this one, that have gold stars, because they are priority amendments for my office.

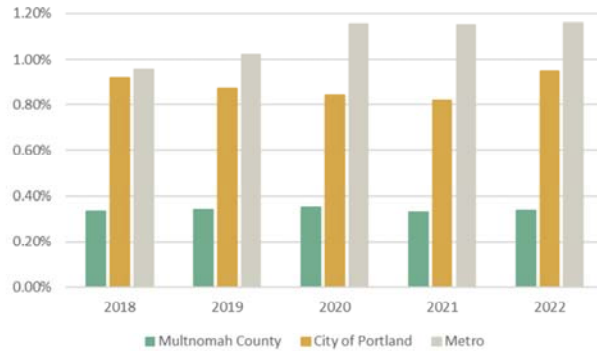
The county's current budget process conflicts with the generally accepted government auditing standards that Charter says the Auditor is to follow. The standards say that decisions about funding for auditors should not be controlled by officials subject to audit. But at the county, the Chair is the CEO who proposes the county's budget. This means that the person responsible for nearly everything my office audits also gets to decide how much money will go to my office. There is the potential for the Chair to cut the auditor's budget in retaliation for results that they don't like. We have seen this recently in Peoria County, Illinois, where leadership attempted to cut all of the Auditor's staff. The County Chair might also simply maintain a budget level that does not allow the auditor's office to grow with the jurisdiction. That is what has been happening at the county.

I want to be clear here that I'm talking about a systems issue. This is not about who is in the role of Chair or role of Auditor. This is about a flaw in the system. Amending the Charter to ensure the Auditor's budgetary independence from the Chair will enable the Auditor to conduct audits without the fear of budgetary retaliation.

It will put the power to set the Auditor's budget in the peoples' hands.

Percent spent on the auditor's office is higher at other local governments

When comparing allocations to auditor's offices as a percentage of a five-year rolling average of general fund expenditures budget

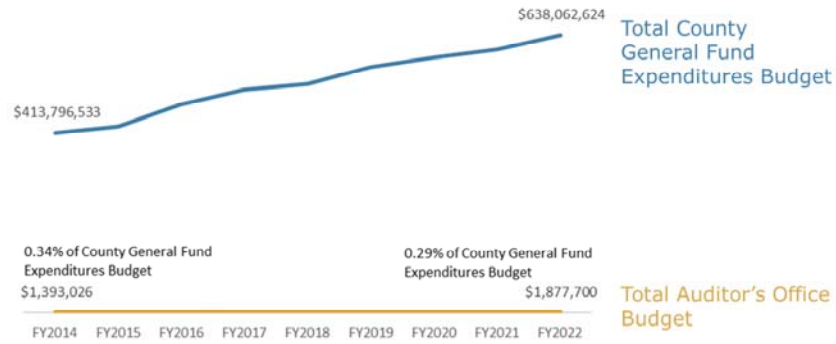


Source: Auditor's Office analysis of publicly available annual budgets. Chart provides context and local comparison for the Auditor's Office's proposal for funding at 1% of a five-year rolling average of the general fund expenditures budget. Figures reflect County and Metro Auditor total budgets and Portland Auditor's budget for audits (includes hotline) and ombudsman. Currently, none of the office's budgets are tied to the general fund expenditures budget.

Because Multnomah County can experience influxes in our general fund, we wanted to propose a budget floor that would provide smoothing from year to year and sustainability. As a result, we are proposing that the Auditor's Office receive 1% of the county's general fund expenditures budget, based on a five-year rolling average.

To provide context for this proposal, as well as a local comparison, we applied a five-year rolling average to the county's general fund expenditures budget and looked at the actual annual allocations to my office. We did the same comparison of a rolling average of the general fund expenditures budget to actual auditor's budget for other local audit offices. This indicated that the percent spent on the Auditor's Office is higher at other jurisdictions. At our county, the Auditor receives about 0.3% of the general fund expenditures budget, both with and without the rolling average.

Since fiscal year 2014, the County's general fund expenditures budget has increased 54%, while the percentage allocated to the Auditor's Office's has slightly decreased.



Source: Auditor's Office analysis.

Over time, the county general fund budget has grown significantly, but the percentage of general fund allotted to the Auditor has not increased with it. As shown on this slide, the Auditor's Office has received about 0.3% of the general fund expenditures budget since at least 2014. In fact, the allocation has decreased, from 0.34% in 2014 to 0.29% now.

How would each amendment further transparency, accountability, and equity?

- Double the number of audits
- Always auditing in core service areas:
 1. General government services
 2. Public safety
 3. Internal operations & financial affairs
 4. Infrastructure & capital projects
 5. Health
 6. Human services
- Maintain subject matter expertise to help audits move more quickly

With a set budget allocation of 1%, we can do more to support accountability, transparency, and equity. Right now, the office is generally able to conduct only three or four audits, or one larger scale audit, at one time.

With a higher budget allocation, we can have dedicated subject-matter audit teams. We'd double the number of audits we are doing. That means we would always have an audit going in each of the county's key service areas: Health, public safety, infrastructure like bridges, general government like libraries and elections, internal operations like payroll and security of IT systems that have community members' information on them, and human services including housing and homeless services.

How would each amendment further transparency, accountability, and equity?

- Timely follow up on the status of audit recommendations
- Dedicated hotline investigator
- Better communications with the public
- Bring an ombuds to the county

We would be able to ensure that we follow up on audit recommendations in a more timely manner. We'd have dedicated hotline staffing, instead of having investigators who also conduct audits. We could have a communications team to support communicating the results of our work better to the public and to have better public engagement throughout the course of our audits, and we'd have an ombuds.

How would each amendment further transparency, accountability, and equity?



Hotline

The hotline is established within the office of county auditor. The hotline shall be under the supervision and control of the auditor, who is solely responsible for its operation and management. The purpose of the hotline is to provide County employees and members of the public with a mechanism to report suspected inefficiencies, fraud, waste and abuse by County government and its agents, and to conduct investigations of reports submitted to the hotline.

Ensures ongoing operation of a key tool for supporting issue-specific accountability & equity

This is our second priority amendment. On this slide is an excerpt of proposed language governing the hotline. As I mentioned earlier, my office has run the Good Government Hotline since 2007. It's typical in Oregon and up and down the West Coast for the fraud, waste, and abuse hotline to be in the Auditor's Office.

In 2011, the state legislature passed a law called "Establishment of local government waste hotline." The Auditor has operated the hotline in compliance with this law.

But in 2019, the County Attorney and county leadership raised that the Good Government Hotline might not comply with the state's law because the Board of County Commissioners never established the hotline in Code. Coincidentally, this concern coincided with my taking office and my commitment to investigating as many hotline cases as possible within my office. This has been important because when people contact the hotline, they assume my office is investigating their complaints, and my team and I want to honor that expectation.

As I mentioned earlier, at about the same time, the County Attorney indicated to me that the Board cannot pass Code governing the Auditor. This created a confusing situation that seemed to threaten my office's ability to run the hotline effectively. Putting the hotline in Charter would ensure its operation and support our existing practice of operating it in alignment with state law.

How would each amendment further transparency, accountability, and equity?



Ombuds

The ombuds office is established within the office of county auditor. The ombuds office shall be under the supervision and control of the auditor, who is solely responsible for its operation and management. The purpose of the ombuds is to provide an impartial office, readily available to the public, that is authorized to investigate the administrative acts of County departments, offices and other operations, issue reports and recommend changes with the goals of safeguarding the rights of persons and promoting high standards of fairness, competency, efficiency and justice in the provision of County services.

Establishes new tool for issues-specific accountability & equity

This is an excerpt of proposed language governing an ombuds. This person would respond to members of the public to resolve complaints about county services and practices. The county has a need for an ombudsperson. For example, we have received calls about disputes between a person and the county about their eligibility for a property tax payment plan, about the alleged mistreatment of people experiencing houselessness by a county division, and about other problems individuals have with the county. These are cases in which a person needs immediate service. They aren't within the scope of our hotline though, and they aren't appropriate for an audit because they are about one person's issue that needs a faster response than an audit can provide.

Ombuds conduct impartial investigations and resolve problems informally. They also have the authority to recommend remedial action or a change in policy. Often issues that the City of Portland ombudsman deals with are related to equity and equal treatment. I anticipate the county ombuds would receive similar calls.

How would each amendment further transparency, accountability, and equity?



Access to Information

Subject to collective bargaining obligations to the County's recognized bargaining units, the auditor shall have unconstrained, timely access to all employees, information, and records required to conduct any and all auditor duties.

- Ensures Auditor can access information needed to conduct audits & investigations focused on improving accountability, transparency, & equity
- Improves transparency with the public about Auditor's authority to access information

Our last priority amendment is about access to information. This is an excerpt of proposed language. We can't assess whether a county program is making progress on its performance pledges or equity pledges, or really do our work without access to information. Generally accepted government auditing standards state that auditors should have access to records related to the program being audited and access to government officials or other individuals as needed to conduct our work.

Adding this language to Charter would help us avoid repeats of situations in which county programs have not provided necessary access in a timely manner. For example, the Auditor did not have necessary access to the county's financial and human resources data system after it went live in 2019. This was despite repeated inquiries starting in 2017 to ensure we would have comparable access to the new system as we did to the prior one. It took until the end of 2019 for our office to get the access we need. Amending the Charter to specifically include information about the Auditor's access to information would improve transparency with employees and community members and help us serve our role to support accountability, transparency, and equity.

How would each amendment further transparency, accountability, and equity?

To ensure a transparent, accountable, effective, and equitable county government, the ~~The~~ office of county auditor is hereby established.

Makes it clear that the Auditor's role is to support transparent, accountable, effective, & equitable government.

I'm now through introducing our priority amendments. Currently, the Charter does not explain the Auditor's purpose. Adding this clause will make it clear that the Auditor's role is to support transparent, accountable, effective, and equitable government.

How would each amendment further transparency, accountability, and equity?

Independent Authority. The auditor and the office of county auditor are structurally independent of the county chair, county commissioners, county sheriff, county district attorney, and county departments, offices, and other county operations in the exercise of the auditor's duties established under this Charter and County Code.

- States existing practice at the county
- Reflects that Auditor is directly accountable to the people, not to management
- Supports Auditor's ability to audit sensitive topics & serious issues

This amendment is about solidifying an existing practice that the auditor does not report to management. We want it to be clear to the public that we report to them and not to the Chair or any other county official. Auditor independence is required by the generally accepted government auditing standards that Charter requires my office to follow. Independence is really essential because, as the Association of Local Government Auditors cautions, auditors who are not independent might avoid sensitive topics or may not look for the serious issues.

How would each amendment further transparency, accountability, and equity?

Legal Services. The auditor may obtain legal advice and representation from the county attorney or may retain or employ independent legal counsel. If the auditor retains or employs independent legal counsel, the office of county auditor shall be the client and is entitled to the benefits and privileges thereof.

- Enables the Auditor's Office to obtain outside counsel to serve our accountability role
- Removes an existing restriction on resources that violates generally accepted government auditing standards

Moving on to the next proposed amendment, this is related to legal services and will remove a conflict of interest that's currently in County Code. That Code language states that the Board may authorize the Auditor to retain outside counsel.

For example, if the Auditor needed outside counsel for an audit of the County Attorney's Office, the Board would need to approve this before we could obtain that external support. This could negatively impact our audit ability. Similarly, if we needed outside counsel for an issue related to the Chair, the Board – of which the Chair is a voting member – would have to approve this. Again, this could negatively impact my office's ability to serve our accountability function.

How would each amendment further transparency, accountability, and equity?

Duties in General.

The auditor is responsible for the following activities:

Performing or causing to be conducted all performance audits of County operations and financial affairs, including audits of its boards and commissions and contracts as provided under this Charter;

Conducting studies intended to measure or improve the performance of county efforts as provided under this Charter;

Apportionment of commissioner districts as provided under section 3.15 of this Charter;

- Provides transparency about the Auditor's role
- Supports holding the Auditor accountable

This is an excerpt of proposed language that captures all of the existing responsibilities assigned to the Auditor to provide an easy-to-find summary to support transparency with the public. It also clarifies the Auditor's role for leadership of performance audits conducted for the county, and includes language bringing the hotline into Charter, as well as establishing an ombuds.

How would each amendment further transparency, accountability, and equity?

All audit reports and responses shall be made available to the public. The auditor shall retain workpaper files concerning all audit reports in accordance with Multnomah County's records retention schedule.

Provides transparency about record keeping

This amendment would bring the office's reporting and record keeping practices into Charter to provide transparency to the public.

How would each amendment further transparency, accountability, and equity?

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 County Chair and Board of County Commissioners. If the irregularity involves the County Chair and/or one or more County Commissioners, the auditor shall immediately notify the Oregon Government Ethics Commission. If the irregularity is criminal in nature, the auditor shall immediately notify the County Attorney, County Sheriff, and/or County District Attorney in addition to those previously cited.

Provides transparency & accountability for how the Auditor should deal with serious irregularities

This final proposed amendment provides transparency and guidance about how the Auditor is to act if we discover apparent violations of law or other serious issues during our work.

Suggested resources

[Association of Local Government Auditors Model Legislation](#)

[Association of Local Government Auditors: Auditor Independence](#)

As you consider these amendments, I suggest that you look to the resources on this slide for assistance.

Suggested resources

Amanda Noble, City Auditor, City of Atlanta;
Incoming Chair, Advocacy Committee, Association of
Local Government Auditors ANoble@atlantaga.gov

Douglas Jones, City Auditor, City of Kansas City, Mo.;
Current Chair, Advocacy Committee, Association of
Local Government Auditors
douglas.jones@kcmo.org

Kristine Adams-Wannberg, Washington County
Auditor's Office; Former President, Association of Local
Government Auditors
kristine_adams-wannberg@co.washington.or.us

Jennifer McGuirk, Multnomah County Auditor
jennifer.mcguirk@multco.us

As well as the people on this slide. I am also available to support you at any time.

Questions?

I am happy to answer any questions.