



FRAUD REPORTING:
Clarification of process and training needed

September 2009

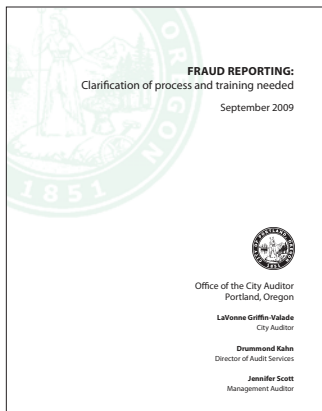


Office of the City Auditor
Portland, Oregon

LaVonne Griffin-Valade
City Auditor

Drummond Kahn
Director of Audit Services

Jennifer Scott
Management Auditor



Production / Design
Robert Cowan
Public Information Specialist



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
Audit Services Division

LaVonne Griffin-Valade, City Auditor
Drummond Kahn, Director of Audit Services
1221 S.W. 4th Avenue, Room 310
Portland, Oregon 97204

(503) 823-4005 FAX (503) 823-4459
www.portlandonline.com/auditor/auditservices

September 9, 2009

TO: Sam Adams, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Linda Meng, City Attorney
Michael Mills, City Ombudsman
Yvonne Deckard, Director, Bureau of Human Resources

SUBJECT: Audit – Fraud Reporting: Clarification of process and training needed
(Report #374)

Attached is Report #374 containing the results of our audit on fraud reporting in the City. The report examined the City's policies and processes for reporting suspected fraud, waste, and abuse. Responses to the audit from Mayor Sam Adams, Commissioner Dan Saltzman, City Ombudsman Michael Mills, and Human Resources Assistant Director Anna Kanwit are included.

Though a City job is a public trust and employees are expected to act as stewards of public assets, City management is responsible for establishing safeguards that help to prevent and detect fraud. The City of Portland government has had few known cases of such wrongdoing, but the City is not immune. Stimulus efforts aimed at the City may add fraud risk, and federal stimulus funds are accompanied with requirements including reporting tools, monitoring procedures, and other accountability requirements designed to prevent fraud, waste, and abuse.

Our audit work found that the City has guidance on ethical behavior, but fails to use employees as essential internal controls in fraud prevention and detection because it does not offer City-wide trainings on fraud or the City ethics code. Additionally, we found that the City lacks a centralized place where employees can anonymously report concerns about suspected fraud. We found that various offices receive reports, but many lack formal policies about what to do with reports, and information sharing between offices is limited. The audit recommends that City Council take a proactive approach to fraud prevention and detection by addressing a number of specific issues detailed in the report.

We appreciate the cooperation and assistance we received from staff in the Office of the Ombudsman, City Attorney, and the Bureau of Human Resources. We ask City Council to provide us with a status report within one year detailing actions taken to implement the audit recommendations.

In the meantime, I plan to work with City Council to establish a fraud policy and an anonymous tip line through which employees can report concerns about suspected fraud, misuse of resources, and abuse. This tip line is one step in enhancing public accountability for City services, and I look forward to working with each of you in this important effort.

Sincerely,

A handwritten signature in black ink, reading "L. Griffin-Valade". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

LaVonne Griffin-Valade
City Auditor

Audit Team: Drummond Kahn
Jennifer Scott

Attachment

FRAUD REPORTING:

Clarification of process and training needed

Summary A City job is a public trust, and City employees are expected to act as stewards of public assets. When the public learns that employees are misusing or not actively protecting City resources, public confidence in government is jeopardized. Public sector organizations need to guard against the occurrence of fraud and other wrongdoing. The federal government has recently increased accountability for public funds by requiring that projects funded by the American Reinvestment and Recovery Act include reporting tools, monitoring procedures, and other accountability requirements designed to help prevent fraud, waste, and abuse.

In this audit, we examined policies and processes for reporting suspected fraud, waste, and abuse. We found that although administrative rules and City Code instruct employees to act ethically, the City lacks a central location where employees can anonymously report concerns, and City offices that currently receive reports fail to share information on a consistent basis. Additionally, the City has not provided employees with comprehensive ethics or fraud training. We found that the lack of a central location where employees can report concerns, inconsistent information sharing, and the absence of training create a risk that fraud will not be reported, reviewed, or referred appropriately and consistently.

Although there have been few publicized cases of fraud in Portland's city government, we recommend that City Council implement proactive measures to prevent and detect fraud and other inappropriate or illegal activities and to send a message that such behavior is not tolerated in City government.

Background **Fraud, waste, and abuse in government jeopardize public confidence in government oversight**

Recent headlines highlight that officials in nearby governments and public agencies took advantage of their positions for personal gain. In July 2008, Oregon Public Broadcasting reported that the City of Prineville's former Public Works Director was charged with stealing \$14,000 by using a City-issued gas card to fuel his personal vehicles when he was no longer employed. In July 2008, The Oregonian reported that a former Oregon Department of Education accountant was sentenced to jail for embezzling nearly \$1 million dollars in federal grant funds. In July 2008, KATU reported that the former bookkeeper of the Estacada Fire District was sentenced to more than ten years in jail for embezzling \$1.9 million from the District. In January 2009, the Portland Tribune reported that a former Multnomah County employee faced federal charges for allegedly stealing nearly \$10,000 in food stamp benefits while employed by the County's Aging and Disability Services.

The City of Portland is not immune to workplace fraud, waste, and abuse. For example, our research shows that the possibility of fraud and other wrongdoing increases when new programs are being created, when organizations try to spend money quickly, and when program eligibility requirements are being established. Recent changes to the structure of City bureaus and various economic stimulus efforts aimed at the City may create considerable risk. Proactive efforts are required to mitigate the risk.

Management responsible for fraud prevention and detection

Fraud, waste, and abuse are acts that could impact the resources of the City and its bureaus (see Figure 1).

The Association of Certified Fraud Examiners (ACFE) surveyed Certified Fraud Examiners about the single largest fraud case they investigated between 2006-2008. Of the nearly 1,000 cases of occupational fraud that ACFE examined, approximately 18 percent of the cases occurred in government agencies, with a median loss of \$100,000. Of all the cases reviewed, 43 percent were uncovered through a tip, most of which came from employees.

Figure 1 Definition of fraud, waste, and abuse

Fraud	A dishonest or deliberate course of action that results in the obtaining of money, property, or an advantage to which City employees or an official committing the action would not normally be entitled. Intentional misleading or deceitful conduct that deprives the City of its resources or rights.
Waste	The needless, careless, or extravagant expenditure of funds, incurring of unnecessary expenses, or mismanagement of resources or property. Waste does not necessarily involve private use or personal gain, but almost always signifies poor management decisions, practices, or controls.
Abuse	The intentional, wrongful, or improper use or destruction of City resources, or seriously improper practice that does not involve prosecutable fraud. Abuse can include the excessive or improper use of an employee or official's position in a manner other than its rightful or legal use.

Source: Oregon Audits Division's Government Waste Hotline website; the word "state" replaced with "City" by the Audit Services Division

The Government Finance Officers Association recommends that every government establish policies and procedures to encourage and facilitate the reporting of fraud or abuse and questionable accounting or auditing practices. They stress that governments should have a widely distributed and highly publicized ethics policy and that there be practical mechanisms in place to permit the confidential, anonymous reporting of concerns about fraud and abuse to the appropriate responsible parties. The American Institute of Certified Public Accountants (AICPA) stresses that organizations have a responsibility to create a culture of honesty, ethical conduct, and to communicate expectations about acceptable employee behavior. In the Statements on Auditing Standards, the AICPA states that though auditors should be alert to warning signs of fraud during audits, management is responsible for establishing policies and procedures to deter and detect fraud, waste, and abuse.

Occupational fraud is often difficult and costly to detect; as a result, it is useful for organizations to focus on preventing fraud. Fraud prevention best practices stress the importance of communicating ethical expectations to employees and note that an organizational Code of Ethics and training are useful communication tools. Additionally, because most potential and actual instances of fraud are uncovered through tips, it is important that practical mechanisms permit the anonymous reporting of concerns.

City has guidance on ethical employee behavior

The City has three administrative rules on ethical conduct for City employees:

- Administrative rule 11.01 - *Statement of Ethical Conduct*
- Administrative rule 11.02 - *Prohibited Conduct*
- Administrative rule 11.03 - *Duty to Report Unlawful or Improper Actions*

The City also has a Code of Ethics that pertains to the City's elected officials, employees, appointees to boards or commissions, and citizen volunteers. Administrative Rule 11.01 – *Statement of Ethical Conduct*, instructs employees to treat their office as a public trust and states that employees must conform to the state's government ethics rules and conduct themselves in accord with the City's Code of Ethics. Rule 11.01 states that employees may not receive personal financial gain that would not have otherwise been available without their position as a public employee. Additionally, it communicates that employees are expected to recognize and disclose the possibility of actual or potential conflicts of interest and that employees will conduct themselves in a manner void of the appearance of impropriety. The rule notes that dishonest behavior by employees undermines the public trust, even if the behavior is legal.

Rule 11.02 – *Prohibited Conduct*, states that employees should avoid the appearance of impropriety at all times, and gives eight examples of prohibited conduct (see Figure 2).

Figure 2 Employee conduct expressly prohibited per administrative rule 11.02

1	Employees shall not use their employment in any way to obtain financial gain or avoid financial detriment for the employee, their household or family members or for any business, which the employee or a member of the employee's household or family is associated.
2	Employees shall not award business to a member of their household or family regardless of the mechanism used to provide that business. This prohibition includes the use of limited purchase orders or procurement cards to provide business to a household or family member.
3	Employees shall not take any official action, the effect of which would be to the employee's private financial gain or loss, without first notifying their bureau director and immediate supervisor in writing of the actual or potential conflict of interest and obtaining approval prior to taking such action.
4	Employees shall not solicit private business from fellow employees or from citizens while on duty and/or in uniform or otherwise readily identifiable as a City employee, such as while in a city vehicle.
5	Employees shall not use information received because of City employment for private gain or to avoid financial detriment if the information is confidential or not readily available to the public. Information that is public may not be readily available to the public if a special request is required to obtain the information or, special knowledge, such as that acquired as a City employee, is needed to take advantage the information.
6	No employee may solicit or receive any gift in anticipation of official action to be taken by the employee in the course of employment.
7	No employee may solicit or receive during a calendar year gifts with an aggregate value of over \$50.00 from a source that has legislative or administrative interest with the employee's bureau or office. Any gift in cash is presumed to be a donation to the City and must be given to the City Treasurer. See HR Administrative Rule 4.07, Awards, Prizes and Promotional Items.
8	No employee may directly supervise an employee with whom they are romantically involved. It shall be the responsibility of the supervisor or manager to promptly disclose, in writing, the existence of the relationship to their bureau director or to the Elected Official in charge in order to resolve the conflict.

Source: Text of administrative rule 11.02 – Bureau of Human Resources' web site

While administrative rules represent binding City policy and employee noncompliance may be grounds for discipline, the City's Code of Ethics is considered aspirational; though City officials are encouraged to follow the Code, they may not be disciplined if they do not embody the behaviors it encourages. The Code of Ethics defines City officials as elected officials, employees, board and commission appointees or volunteers, and it defines ethics as positive principles of conduct. The Code of Ethics cites four ethical requirements: trust, objectivity, accountability, and leadership, and it lists expectations of behavior that match the ethical requirements. The City Auditor publishes *Code of Ethics: Explanations and Examples*, a report containing explanations and examples of the Code's behavior expectations. At the end of our audit fieldwork in July, we communicated to the City Auditor that the report includes an outdated maximum value of gifts that a City employee can accept during a year. The City Attorney told us that City administrative rules and the City Code of Ethics should be reviewed for consistency with state ethics rule changes.

Regular and comprehensive ethics training is not provided

In addition to having a Code of Ethics, another important tool in fraud prevention and detection is training employees about the City's Code of Ethics and fraud awareness. The AICPA suggests that new employees be trained about activities that may constitute fraud, employees' duty to report certain matters and how employees should go about making reports.

Though the City Attorney's Office has given presentations on changes to state ethics rules, there have been no recent courses offered City-wide that would help employees understand how to identify and report fraud, apply the administrative rules on ethical conduct, or the Code of Ethics. In the past, the City Auditor gave a presentation on ethics at new employee orientations organized by Human Resources (HR); however, the City no longer holds orientations for new employees. Because employees are not trained on the City ethics code and fraud, the City misses an opportunity to send a clear message that fraud, waste, and abuse in City government are not tolerated. Additionally, by not training employees on fraud identification and reporting, the City fails to use employees as an essential internal control in fraud detection since employees may not know how to identify or report fraud.

City lacks centralized place for employees to anonymously report concerns

Best practices for fraud prevention and detection recommend that organizations permit the confidential, anonymous reporting of concerns about fraud or abuse to the appropriate responsible parties. Many governments have established this mechanism through a hotline that employees, and sometimes the public, can use to make allegations of fraud, waste, and abuse. Some other local jurisdictions have phone and internet-based fraud or whistle blower hotlines. The Multnomah County Auditor's Office administers a confidential phone and internet-based hotline for the public and employees. The Portland Development Commission (PDC) has a phone and internet based hotline that employees can use to make anonymous allegations of unethical or fraudulent behavior. The federal government established Fraudnet, a telephone and internet based tool the public can use to make anonymous allegations of fraud, waste, abuse, and mismanagement of federal funds, and the State of Oregon has a confidential mechanism for employees and the public to allege misuse of state funds.

Guidance about where to report is inconsistent

City employees are instructed to report illegal or questionable behavior in two administrative rules about ethics and in the *Code of Ethics: Explanations and Examples* report. However, they direct employees to make reports of suspected wrongdoing to various and dissimilar entities, making the guidance unclear. For example, rule 11.03 - *Duty to Report Unlawful or Improper Actions*, states that if an employee is unsure whether to report an action of suspected wrongdoing, they should go to their supervisor or to HR, but the rule does not tell an employee where to go when they are sure they want to report suspected fraud or other wrongdoing.

Supervisors not trained to handle reports of wrongdoing, and reports are not anonymous

In both administrative rule and the *Code of Ethics: Explanations and Examples* report, employees are instructed to make reports to a supervisor, among others. However, reports made to supervisors are not anonymous, and supervisors have not been given comprehensive training about how to handle reports of suspected fraud or other

wrongdoing. Some supervisors have received training in conducting investigations where they discuss employee confidentiality, but this training has only been given in bureaus that have requested it.

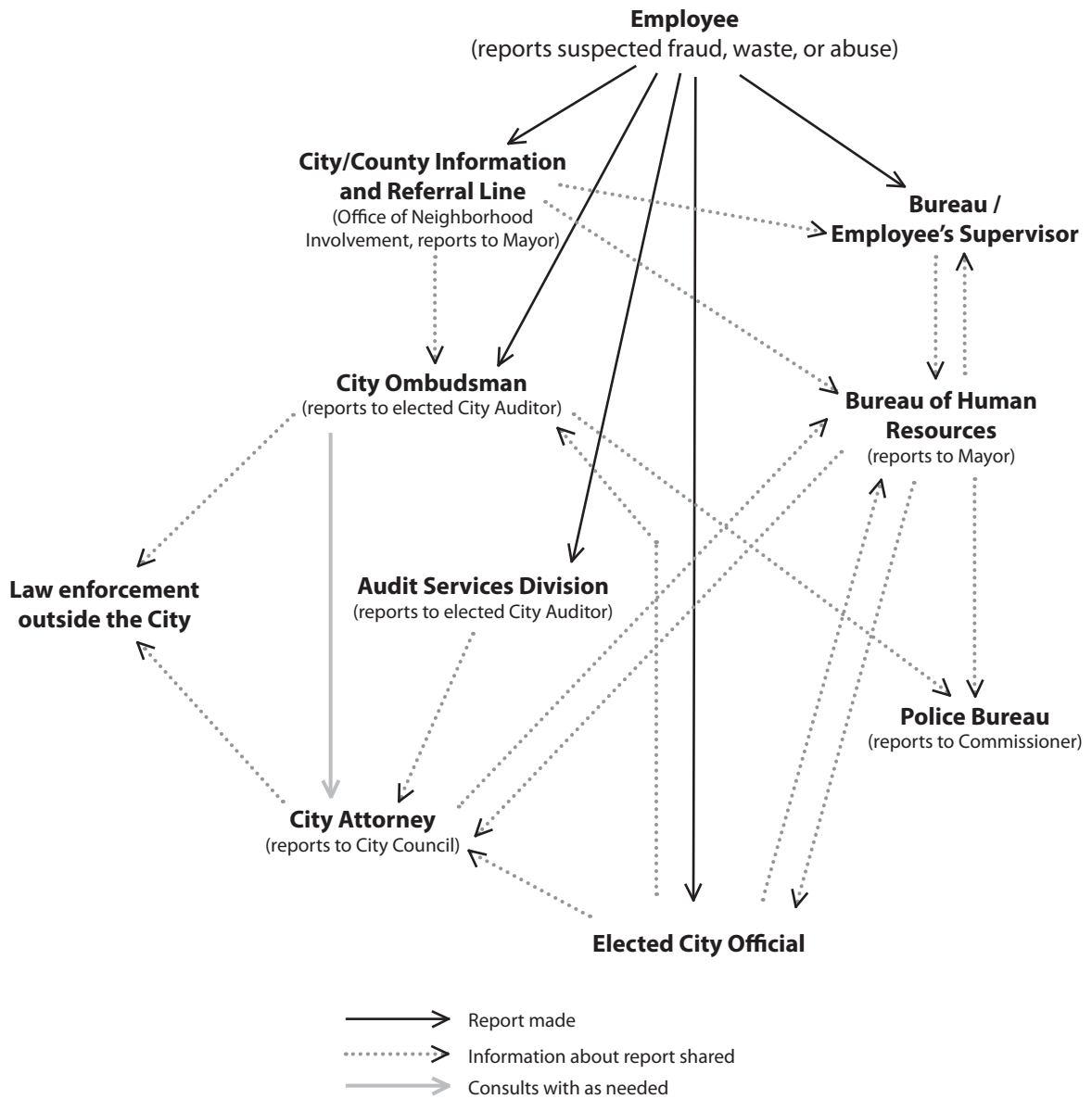
In April 2009, after we started this audit, HR updated rule 11.03 - *Duty to Report Unlawful or Improper Actions* to include a statement that the City does not tolerate retaliation, that the City will try to maintain absolute confidentiality, but that confidentiality cannot be guaranteed. The recent addition of the language is an improvement to the administrative rule; however, employees may still choose not to make a report to their supervisor since this method of reporting is not anonymous.

Through City administrative rules and City Code, employees are instructed to bring concerns about improper behavior to various dissimilar entities, none of which are designed to be anonymous. Our research indicates that the lack of clear guidance on where to report, the lack of anonymity, and the lack of training may cause employees to decide against reporting known instances of workplace fraud, waste, or abuse. HR management told us that since employees may be concerned about retaliation, HR does not want to tell them to report suspected fraud only to their supervisor; instead, the administrative rule is designed to give employees various options.

**Reports of wrongdoing
may not be handled
consistently**

Employees, and sometimes the public, have raised concerns about the possibility of fraud, waste, and abuse to the Office of the Ombudsman, the City/County Information and Referral Line (I & R), bureau supervisors, as well as to elected City officials. Additionally, the City Attorney's office, and HR are often involved after allegations have been made. These City offices and supervisors are located across City government, and information sharing is limited (see Figure 3). Also, many do not have standardized policies for how to deal with such reports.

Figure 3 Reporting and sharing information about suspected fraud, waste, and abuse in the City



Source: Audit Services Division, based on information shared with auditors in interviews conducted during this audit and concerns raised in a previous 2009 audit

Various offices receive reports of suspected fraud and other improper activities

The Office of the Ombudsman, housed in the City Auditor's Office, specializes in investigating complaints about City services. Though they receive far fewer complaints of fraud, waste, and abuse from City employees than from the public, when they receive reports of suspected illegal activity from employees, they investigate the allegation. If there is evidence of a crime, they pass the information to law enforcement agencies including the Portland Police Fraud Unit, the Multnomah County District Attorney, and the Federal Bureau of Investigation. They also consult with the City Attorney's office as needed.

I & R is housed in the City's Office of Neighborhood Involvement and is designed to be a central source for basic information and referral to City and County programs, services and employees. The phone number is displayed on the side of all non-emergency City vehicles and on the City's internet homepage along with the slogan, "Who to Call in City Hall". When the service was created in 1994, it was called the 'snitch line' in *The Oregonian*. The manager of I & R does not agree that the characterization is fitting because they have been given no enforcement authority. However, I & R staff occasionally receive calls from City employees alleging fraud and other misbehavior. Though they try to share information with the accused's supervisor, HR, or the Ombudsman, there is no formalized policy to do so.

One City Commissioner's Chief of Staff told us that their office receives many reports of concerns regarding fraud, waste, and abuse from the public and from employees. When members of the public contact them alleging fraud or other wrongdoing, reports are often directed to the Ombudsman. However, when a City employee contacts them with a similar complaint, it can be hard to determine where to direct the information, except when the report is clearly an HR or legal issue. The Commissioner's office does not have a standard process in place for dealing with allegations, and each case is handled on an ad hoc basis.

Additional offices become involved in investigations

Unlike the offices mentioned above, the City Attorney's office and HR may not receive reports of suspected fraud, waste, and abuse directly from employees, but they may become involved in an investigation into a complaint. Neither office follows a predetermined protocol for investigating possible fraud.

According to the former City Auditor, information about ongoing investigations has not been consistently shared between HR, the City Auditor and the City Attorney's Office.

Because reports of alleged misconduct are made to various City offices and since information about those reports is not always shared, there is a risk that these reports may be viewed as individual incidents and that trends or other indications of fraud may not be identified. Moreover, the lack of a central location where employees can anonymously report suspected wrongdoing creates a risk that those reports may not be received, handled, or referred appropriately and consistently.

Recommendations

In order to safeguard the City's assets, we recommend that the Council take a proactive approach to fraud prevention and detection by addressing the following issues:

1. Develop clear and consistent guidance to City officials (elected officials, managers, employees, volunteers and appointees) about reporting allegations of fraud, waste, abuse. Update administrative rules and City Code of Ethics to ensure consistency with state ethics rules.
2. Design and offer ethics and fraud training for City officials.
3. Create a centralized, anonymous reporting mechanism and a team to receive, investigate and triage allegations of workplace fraud, waste, and abuse.

4. Develop clear and consistent guidance for City offices, bureaus and supervisors about receiving, handling and sharing allegations with the centralized team.

This effort may require Council to include or consult with bureaus and offices across the City.

Objective, scope and methodology

We decided to examine the City's system for receiving and handling allegations of fraud, waste, and abuse because of the difficulty we experienced trying to determine where to refer allegations during another recent audit, and because of the fiscal and public accountability significance of the issue. Our objective was to determine if there is a clear mechanism in place for City employees to use if they want to make an allegation of workplace fraud, waste, and abuse.

In order to achieve the audit objective, we interviewed managers in the City who we determined may have experience receiving and handling allegations of fraud, waste, and abuse based on their job duties. We spoke with the City Attorney and a Deputy City Attorney; the Assistant Director of Human Resources; the former City Auditor; the Ombudsman and the Deputy Ombudsman; the Manager of the City/County Information and Referral Line, and a Public Information Officer in the Police Bureau. We spoke with a City Commissioner's Chief of Staff about their office's experience receiving and handling allegations of fraud, waste, and abuse. We examined the City's policies and mechanisms on fraud, ethics, and reporting allegations of fraud, waste, and abuse. With the exception of the Portland Development Commission (PDC), which has their own anonymous reporting mechanism for PDC employees, we did not ask individual bureaus about their policies or mechanisms.

We reviewed the City's accounting administrative rules and HR's administrative rules on ethical conduct in addition to the City's Code of Ethics and the supplemental *Code of Ethics: Explanations and Examples* report. We reviewed the State of Oregon's ethics rules for public officers and employees, the Oregon Government Ethics Commission's

(OGEC) Guide for Public Officials and OGEC's mechanism for public reporting of ethics violations. We also contacted six cities similar to Portland (Charlotte, Cincinnati, Denver, Kansas City, Sacramento and Seattle) and inquired about the mechanisms they have in place to facilitate reporting of fraud, waste, and abuse. We reviewed fraud prevention and detection literature from the Association of Certified Fraud Examiners and the Government Finance Officers Association; we also reviewed Statements on Auditing Standards from the American Institute of Certified Public Accountants.

The City Auditor publishes the *Code of Ethics: Explanations and Examples* report and the office is one of many that receives allegations of fraud, waste, and abuse. Therefore, answering the audit objective required that we include the City Auditor in our review. The Audit Services Division is a part of the City Auditor's office. Without organizational independence, our assessment of the role of the City Auditor may not be considered objective. We do not believe that our lack of organizational independence from the City Auditor affects our ability to successfully answer our audit objective since the Office of the City Auditor is one of many that has a role in receiving allegations of fraud, waste, and abuse.

With the potential exception of the organizational independence requirement described, we conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides reasonable basis for our findings and conclusions based on our audit objectives.

RESPONSES TO THE AUDIT



OFFICE OF MAYOR SAM ADAMS
CITY OF PORTLAND

August 24, 2009

LaVonne Griffin-Valade
City Auditor
1221 SW 4th Avenue, Room 140
Portland, Oregon 97204

Dear Auditor Griffin-Valade,

Thank you for your thorough analysis of fraud reporting in the City of Portland. We are thankful that cases of fraud, waste, and abuse have been minimal. It is imperative that the City continues to take necessary action to ensure we appropriately discourage such acts and encourage proper reporting of possible problems.

We appreciate your insightful recommendations regarding potential additional measures the City could take to address the issue. Fraud reporting is tied closely to the Auditor's mission and we plan to work with the City Auditor's Office, the City Ombudsman, and the Bureau of Human Resources to determine the best way to move forward with the suggestions outlined in the report.

Again, thank you for your hard work and for your commitment to the City of Portland.

Best Regards,

Sam Adams
Mayor
City of Portland



CITY OF
PORTLAND, OREGON

Dan Saltzman, Commissioner
1221 SW Fourth Ave., Room 230
Portland, Oregon 97204
(503) 823-4151
Fax: (503) 823-3036
dsaltzman@ci.portland.or.us

August 20, 2009

TO: LaVonne Griffin-Valade
Drummond Kahn

From: Dan Saltzman

SUBJECT: Audit on Fraud Reporting

Thank you for the opportunity to comment on Audit Report #374, Fraud Reporting in the City of Portland. Your diligent analysis of the procedures and methods that citizens and city employees can use to report fraud and abuse in city government is appreciated.

I strongly support and favor your four recommendations contained in the report. Specifically recommendation #3, the creation of a centralized and anonymous reporting mechanism, seems an excellent idea. While elected officials are a good resource for citizens and employees who want to report concerns about government actions, an anonymous option will be critical in making certain fraud and waste are reported.

I look forward to supporting the implementation of these recommendations and appreciate the effort to make our city more accountable to its citizens and employees.



CITY OF

PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
LaVonne Griffin-Valade, City Auditor

Office of the Ombudsman
Michael Mills, Ombudsman
1221 SW 4th Ave, Room 140
Portland, Oregon 97204-1987

Phone: (503) 823-0144 Fax: (503) 823-4571
E-Mail: ombudsman@ci.portland.or.us
www.portlandonline.com/auditor/ombudsman

MEMORANDUM

Date: August 25, 2009

To: LaVonne Griffin-Valade, Auditor

From: Michael P Mills, Office of Ombudsman

Ref: Response to Audit Recommendations in Final Draft on Audit on Fraud Reporting

Thank you for the opportunity to discuss the Audit on Fraud Reporting during its development and for the opportunity to comment on the final audit recommendations.

The Office of the Ombudsman concurs with and supports the recommendations issued in this report. The recommendations further the goals of the Office of the Ombudsman, which include promoting higher standards of competency, efficiency and justice in the provision of City services.

We urge the strengthening of the City's Human Resources Administrative Rules in order to encourage reporting of fraud and abuse, and to discourage its presence within City government. We support updating and clarifying our Ethics Code and mandating training for all City employees on ethics, and fraud and abuse reporting.

cc: Drummond Kahn, Director, Audit Services Division
Jennifer Scott, Audit Services Division





CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Kenneth L. Rust, Chief Administrative Officer

Bureau of Human Resources
Yvonne L. Deckard, Director
1120 SW Fifth Ave., Room 404
Portland, Oregon 97204-1912
(503) 823-3572
FAX (503) 823-4156

August 26, 2009

TO: LaVonne Griffin-Valade, City Auditor

FROM: Yvonne L. Deckard, Director 
Anna Kanwit, Assistant Director 

SUBJECT: Response to Fraud Reporting Audit

Thank you for the opportunity to respond to the Audit on Fraud Reporting and for incorporating our feedback into the final report. Overall, we agree with the audit and the recommendations.

We will work with your office to revise the Human Resources Administrative Rules and to provide additional assistance in implementing the recommendations as needed. We also recommend that the Auditor's office be the lead for the development and delivery of training and guidance as well as for the development and implementation of the central reporting mechanism.

Cc: D. Kahn
J. Scott

We Are An Equal Opportunity Employer

Please notify the City of Portland of the need for ADA accommodations no less than five (5) business days prior to any City-sponsored event by contacting the Bureau of Human Resources at 503-823-3572 or the City's TTY at 503-823-6868.

**Audit Services Division
Office of the City Auditor
1221 SW 4th Avenue, Room 310
Portland, Oregon 97204
503-823-4005
www.portlandonline.com/auditor/auditservices**

*Fraud Reporting:
Clarification of process and training needed*

Report #374, September 2009

Audit Team Members: Jennifer Scott

LaVonne Griffin-Valade, City Auditor
Drummond Kahn, Director of Audit Services

Other recent audit reports:

Clean Air: City enforces parking laws to improve air quality (#381, August 2009)

PDC Contracting Follow-up: Contracting concerns addressed through a centralized procurement structure (#377, June 2009)

Public Works Supervisor Overtime: Most recommendations implemented but confusion about revised rule persists (#369B, June 2009)

This report is intended to promote the best possible management of public resources. This and other audit reports produced by the Audit Services Division are available for viewing on the web at: www.portlandonline.com/auditor/auditservices. Printed copies can be obtained by contacting the Audit Services Division.

