

The Oregonian

Consultant recommends that Portland reinstate CFO post eliminated by mayor, city's top administrator says

By Brad Schmidt

One year after Mayor Charlie Hales eliminated Portland's chief financial officer position and brazenly dismissed critics of his decision, an outside consultant is now recommending that Portland reinstate the post.

That's the most significant recommendation from a new report by accounting and consulting firm Moss Adams, hired by Portland to analyze the city's under-siege administrative and financial office and propose changes.

Hales is now "open" to the idea of reinstating the chief financial position, said Fred Miller, interim chief administrative officer for Portland.

Hales' decision to eliminate the chief financial officer post last year caused major ripples in City Hall just as the public learned about an investigation into allegations of financial mismanagement involving Portland's top administrator, Jack D. Graham.

Hales cut the post in April 2013 after he deemed the job repetitive and unnecessary, especially after the city created an independent budget office that didn't report to the chief financial officer. The city paid Rich Goward one year's salary, or \$162,302, as severance.

Auditor LaVonne Griffin-Valade responded immediately, saying that Portland needed stronger financial oversight and warning of potential risks and unplanned costs.

In June and July, The Oregonian reported that the city investigated Graham for attempting to steer water and sewer funds held in a reserve account to the general fund. The investigation found credible evidence that Graham was explicitly warned about making the transfer but chose to ignore those warnings.

In August, Commissioner Nick Fish pushed Hales to reinstate the chief financial officer post in an effort to improve financial checks. Goward was one of the whistleblowers who stepped forward to complain about Graham.

Hales was unswayed.

"What would this CFO do for five days a week, every week, that isn't being done now?" Hales shot back at Fish's proposal. "If the answer is crystal clear, and if I can see precisely what now is missing in the layers upon layers of budget oversight we have, then yes: I could be talked into another six-figure salary for another manager."

But Fish's power play did push Hales to hire an outside firm to study the Office of Management & Finance. The city selected Moss Adams, which provided the city auditor a wealth of ammunition to criticize Hales' decision to eliminate the CFO post.

Miller said the new report makes dozens of recommendations, including the reinstatement of the chief financial officer post.

Not only would the chief financial officer oversee accounting and debt management, as it did before the job was eliminated, but the position would also oversee the city's Revenue Bureau, which collects business and arts taxes.

"My sense is it's going to go that direction," Miller said.

The chain of command arrangement may be a point of contention.

There's some thought that the chief financial officer should be hired by the mayor but report to the chief administrative officer. Others are interested in seeing the chief financial officer report to the City Council, similar to the arrangement involving the city budget officer, Andrew Scott.

Miller said the report should be released this week. Members of the City Council and bureau directors received briefings last week.

Dana Haynes, a spokesman for Hales, told The Oregonian on March 28 that the city had not yet even received the report and had nothing to share. He has not responded to follow-up questions submitted three times since then.

The 630-employee Office of Management & Finance is currently divided into six distinct operations: human resources, internal business services, revenue, technology services, citywide projects and the office of the chief administrative officer.

Hales named Miller to lead the office after firing Graham, who left the city in January. The city plans to conduct a national search to find a permanent replacement.