

Portland’s Intergovernmental Agreements: Shared vision needed for long-term success

Why this audit is important

Intergovernmental Agreements (IGAs) are contracts between governments. They are intended to define roles and responsibilities when public services are shared between different jurisdictions. Three IGAs gave Metro management responsibility and financial support for Portland’s Centers for the Arts (P’5). From FY 2014-15 to FY 2020-21, IGAs made up about 20% of P’5 funding.

The Newmark, Brunish and Winningstad Theatres are located in Hatfield Hall



Source: Jason Quigley, portland5.com

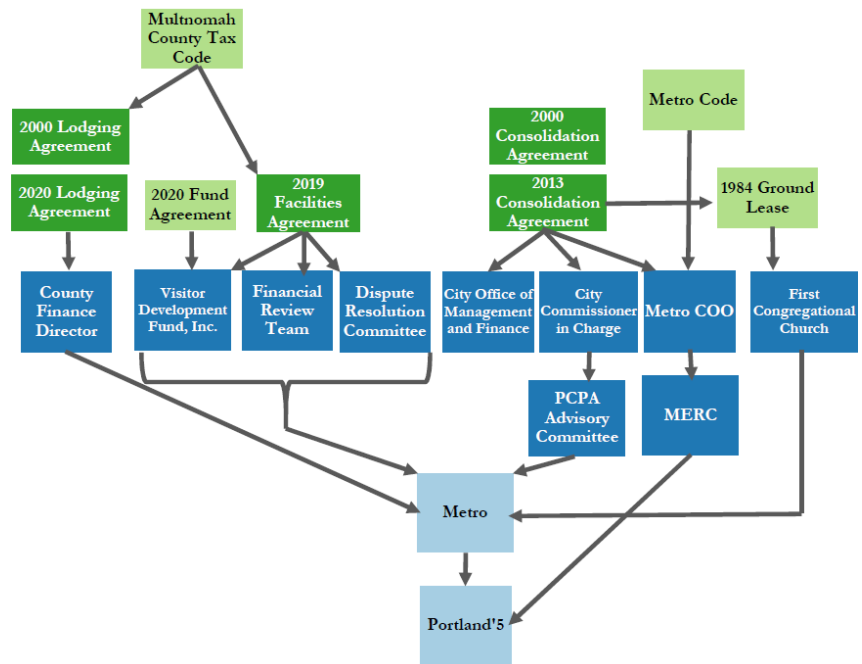
COVID-19 halted business activities and created an uncertain financial future for P’5. In addition to managing financial disruptions, other organizational issues were ongoing during the audit that may impact its operations.

We assessed IGA governance structures and P’5 capital planning and spending efforts. We focused our audit on implementation of P’5 IGAs that impact revenue and expenditure.

What we found

We found elements of effective governance structures were not clearly addressed in IGAs. As a result, governance structures were difficult to navigate. Because IGA governance structures were complex, direction was unclear for managing some financial and reputational risks.

Complexity made the governance structure challenging



Source: Auditor’s Office summary of P’5 IGAs, ground lease, Visitor Development Fund Services Agreement, Metro Code and Multnomah County Tax Code.

We also found information was insufficient to assess the condition of P’5 capital assets. As a result, it was hard to tell if capital improvement plans were based on identified needs. A phased approach to fulfill its mission could help P’5 manage priorities as it recovers from the impacts of COVID-19.

What we recommend

We recommend documenting practices to manage financial and compliance risks and updating facility condition information to improve Metro’s capital improvement planning and implementation. We also recommend developing strategies to manage priorities and allocate resources among critical issues facing P’5. These include: stewardship of public assets; support for local arts organizations; and diversity, equity, and inclusion efforts.