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SNOHOMISH COUNTY COUNCIL  
Snohomish County, Washington

ORDINANCE NO. 05-093

RELATING TO PERFORMANCE AUDITS,  
AMENDING CHAPTER 2.700 SNOHOMISH COUNTY CODE

NOW, THEREFORE, BE IT ORDAINED:

Section 1. Snohomish County Code Section 2.700.005, reenacted by Ordinance No. 02-038 on September 4, 2002, is amended to read:

**2.700.005 Definitions.**

In this chapter, unless the context clearly requires otherwise,

- (1) "Auditor" means the Snohomish County Auditor.
- (2) "Audit plan" means a plan developed in consultation with the committee that outlines what departments and/or programs will be scheduled for a performance audit in any given calendar year.
- (3) "Audit report" means a report prepared by the division reporting the results of a performance audit conducted under this chapter.
- (4) "Committee" means the performance auditing committee established by SCC 2.700.040.
- (5) "Department" means all executive departments established pursuant to the Snohomish County Charter and all county elected officials except the judges of the district and superior courts.
- (6) "Division" means the division of performance auditing established by this chapter.
- (7) "Government auditing standards for performance auditing" means the standards for performance auditing contained in the document "Government Auditing Standards" published by the Comptroller General of the United States, (~~General Accounting Office~~) Government Accountability Office, as revised.
- (8) "Peer review" means review conducted by the National Association of Local Government Auditors (NALGA), a group of auditing peers, in order to insure that the division is conducting its audits according to government auditing standards for performance auditing.
- (9) "Performance audit" means an objective and systematic assessment of program (~~quality and the results achieved through the use of tax dollars and other public resources~~) efficiency, effectiveness and economy in its stewardship of public funds. It is the qualitative nature of performance auditing and the opportunities identified in the process to improve management and service delivery that distinguishes this activity from traditional financial audits.
- (10) "Program" means a distinct operational activity which is funded by the county.

Section 2. Snohomish County Code Section 2.700.020, last amended by Ordinance No. 02-038 on September 4, 2002, is amended to read:

**2.700.020 Authority -- Scope of audits.**

(1) The division of performance auditing shall conduct performance audits and/or studies as determined by the auditor to independently determine whether:

(a) Activities and programs being implemented have been authorized by county charter, county code, county policy, or applicable state or federal law or regulations;

(b) Activities and programs are being conducted in a manner calculated to accomplish the objectives intended by county charter, county code, county policy, or applicable state or federal law or regulations;

~~(c) ((Activities or programs efficiently and effectively serve the purpose intended by the county charter, county code, county policy, or applicable state or federal law or regulations))~~ Activities and programs are performing efficiently, effectively, and economically when compared against objective criteria;

~~(d) ((Reports are provided that fairly and fully disclose information that is required by law to be reported and that adequate information is available to ascertain the nature and scope of programs and activities and to establish a proper basis for evaluating programs and activities; or~~

~~(e)) Management has established, ((and)) implemented, and adhered to adequate ((operating and administrative procedures and practices, systems of accounting, internal control systems, and internal management controls which are being adhered to))~~ internal controls.

(2) All performance audits shall be conducted in accordance with government auditing standards for performance auditing. This chapter shall not be applied to require disclosure of information that is privileged or otherwise exempt from public disclosure.

Section 3. Snohomish County Code Section 2.700.030, last amended by Ordinance No. 02-038 on September 4, 2002, is amended to read:

**2.700.030 Annual audit plan.**

(1) The division of performance auditing shall prepare an annual audit plan in consultation with the performance auditing committee. ~~((The annual audit plan shall be developed in conjunction with the budget for the division of performance auditing.))~~ The auditor may amend the annual audit plan during the budget year after review by the committee. Final authority for selection of audit areas shall reside with the auditor.

(2) In the selection of audit areas, the determination of audit scope, and the timing of audit work, the division shall consult with appropriate federal, state, and independent auditors so that audit efforts are properly coordinated and unnecessary duplication is avoided, and to promote collaboration where appropriate.

Section 4. A new section 2.700.035 is added to Chapter 2.700 Snohomish County Code to read:

**2.700.035 Coordination of County Auditing Efforts**

In order to best coordinate auditing efforts across the county and assure that the division annual audit plan is appropriate, thorough, and avoids redundancy, the county council, all county elected officials, except the judges of the superior and district courts, and all executive departments shall submit the following to the division:

- (1) Prior to initiating such services, notification of any proposal to retain the services of external auditors or consultants to do audit or program evaluation work;
- (2) Complete copies of resulting reports within 30 days of completion of such reports.

Section 5. Snohomish County Code Section 2.700.040, last amended by Ordinance No. 02-038 on September 4, 2002, is amended to read:

**2.700.040 Performance auditing committee.**

(1) A performance auditing committee is hereby established and shall be comprised of eight members, consisting of the auditor and seven appointed members. Of the seven appointed members of the committee, two members shall be appointed by the executive and five members shall be appointed by the county council. Council appointees shall be nominated by each council member, and not by any other council member, and confirmed by the council so that each council district is represented by at least one member of the committee. All appointed members shall be residents of the county and shall have backgrounds that demonstrate knowledge and/or experience that would be beneficial in carrying out the tasks of the committee. Except as provided in SCC 2.700.045, the terms of appointed members shall be for three years, subject to a limit of two consecutive three year terms. A vacancy of an appointed member occurring during a term of office shall be filled by appointment in accordance with this section for the remainder of the unexpired term.

- (2) The performance auditing committee shall, at a minimum,
- (a) Advise the division on the development of the annual audit plan;
  - (b) Assist in the selection of external auditors or other experts where that may be necessary to carry out the annual audit plan;
  - (c) Review the audit process to provide input to the division on improvements and/or changes in the process and/or procedures used by the division in carrying out the annual audit plan;
  - (d) Provide input ~~((to the auditor))~~ on the annual budget of the division;
- and
- (e) Review final audit reports to ensure procedures for issuance of the report have been followed.

Section 6. Snohomish County Code Section 2.700.070, adopted by Ordinance No. 97-061 on July 9, 1997, and reenacted by Ordinance No. 02-038 on September 4, 2002, is amended to read:

**2.700.070 ~~((Final-audit))~~ Audit reports.**

Each audit will result in a written ~~((final))~~ audit report. Audit reports can range from a memorandum to a full report depending on the scope determined for each project. Each ~~((final))~~ audit report will be issued promptly so as to make information available for timely use by the county council, county executive, other elected officials, department directors, program managers, and other interested persons. The auditor or division will forward copies of the audit report to the committee and record the reports with the auditor's recording division. Each full audit report shall contain at a minimum the following information:

(1) A statement of audit objectives and a description of the audit scope and methodology;

(2) A statement that the audit was performed in accordance with government auditing standards or ~~((performance-auditing))~~ a statement describing how it does not conform to those standards;

(3) A description of all significant instances of non-compliance with policies and program parameters found during or in connection with the audit;

(4) A full discussion of audit findings and conclusions, including any significant control weaknesses found, the cause of problem areas, and recommendations for necessary or desirable action;

~~((A-statement-of-all-significant-management-controls-that-were-assessed-and-any-significant-weaknesses-found;~~

~~((6)))~~ Pertinent views of responsible officials concerning audit findings, conclusions and recommendations ~~((,-including))~~ as recorded in the full text of responses furnished pursuant to SCC 2.700.070;

~~((7)))~~ (6) A listing of any significant issues needing further study and consideration; and

~~((8)))~~ (7) A description of noteworthy accomplishments of the audited elected official, department and/or program.

Section 7. Snohomish County Code Section 2.700.080, adopted by Ordinance No. 97-061 on July 9, 1997, and reenacted by Ordinance No. 02-038 on September 4, 2002, is amended to read:

**2.700.080 Peer review.**

(1) The division shall be subject to peer review at least once every four years by ~~((a-professional,-non-partisan-and-objective-group-representing-a-nationally-recognized-body-qualified-to-perform-such-a-review-and-utilizing-guidelines-endorsed-by-the-National-Intergovernmental-Audit-Forum,-State-Auditor's-Association,-or-General-Accounting-Office))~~ the National Association of Local Government Auditors, NALGA. A copy of the written report of any such independent review shall be furnished to the committee. In addition, the report shall be recorded in the auditor's recording division.

(2) The peer review will evaluate compliance with government auditing standards for performance auditing and the quality of audit effort and reporting. Specific peer review areas shall include staff qualifications, adequacy of planning and supervision, sufficiency of work paper preparation and evidence, and the adequacy of systems for reviewing internal controls, fraud and abuse, program compliance, performance compliance and automated systems. The peer review will also assess the form, distribution, timelines, content, and presentation of audit reports. The cost of peer review will be paid from funds budgeted for the division. ~~((It is anticipated that three professional government auditors would be able to complete the review within one week.))~~

Section 8. Snohomish County Code Section 2.700.090, reenacted by Ordinance No. 02-038 on September 4, 2002, is amended to read:


**2.700.090 Division budget.**

The budget of the division will be developed by the auditor's office ~~((in consultation with the committee))~~.

Section 9. Snohomish County Code Section 2.700.700, last amended by Ordinance No. 02-038 on September 4, 2002 is repealed.

PASSED this 14<sup>th</sup> day of September, 2005.

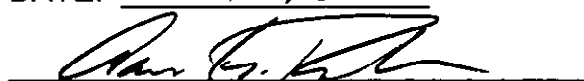
SNOHOMISH COUNTY COUNCIL  
Snohomish County, Washington

  
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Chairperson

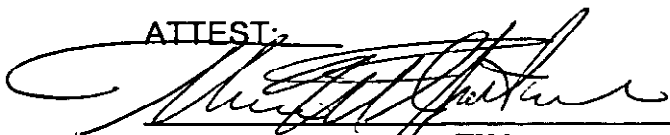
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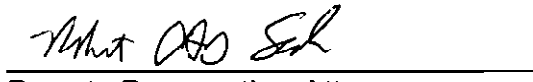
  
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Clerk of the Council, *Asst.*

- APPROVED
- EMERGENCY
- VETOED

DATE: 9/21/05  
  
\_\_\_\_\_  
County Executive

ATTEST:

  
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THOMAS M. FITZPATRICK  
Approved as to form only: Executive Director

  
\_\_\_\_\_  
Deputy Prosecuting Attorney

ORDINANCE NO. 05-293  
RELATING TO PERFORMANCE AUDITS,  
AMENDING CHAPTER 2.700 SNOHOMISH COUNTY CODE - 5

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