

Adopted: 04/24/13  
Effective: 05/06/13

SNOHOMISH COUNTY COUNCIL  
Snohomish County, Washington

ORDINANCE NO. 13-027

RELATING TO THE OFFICE OF COUNTY PERFORMANCE AUDITOR  
AND RE-ENACTING CHAPTER 2.700 SCC

WHEREAS, the 2006 Charter Review Commission proposed an amendment to the Snohomish County Charter that directed the County Council to establish an independent Office of County Performance Auditor in the legislative branch of county government; and

WHEREAS, the amendment which included a new Section 2.150 was approved by county voters at the general election on November 7, 2006; and

WHEREAS, on June 6, 2007, the County Council adopted Ordinance No. 07-049, implementing the charter amendment and establishing an independent Office of County Performance Audit; and

WHEREAS, on April 4, 2012, the County Council adopted Ordinance No. 12-015 amending SCC 2.700.010 and 2.700.090; and

WHEREAS, Snohomish County Charter 2.115 requires that ordinances establishing programs requiring funding provide for repeal on the date six years following enactment unless re-enacted prior to that date; and

WHEREAS, Section 18 of Ordinance No. 07-049 automatically repeals chapter 2.700 SCC unless it is re-enacted prior to June 6, 2013; and

WHEREAS, the County Council held a public hearing on April 24, 2013, to solicit comments from the public and to consider whether to re-enact chapter 2.700 SCC as set forth in this ordinance; and

WHEREAS, it is in the best interest of the citizens of Snohomish County to re-enact the provisions of chapter 2.700 SCC as set forth herein;

NOW, THEREFORE, BE IT ORDAINED:

Section 1. Snohomish County Code Chapter 2.700, last amended by Ordinance No. 12-015 on April 4, 2012, is re-enacted to read:

### **2.700.005 Definitions.**

In this chapter, unless the context clearly requires otherwise,

(1) "Council" means the Snohomish County Council.

(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 office reporting the results of a performance audit conducted under this chapter.

(4) "Committee" means the performance audit 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) "Office" means the office of county performance auditor established by this chapter.

(7) "Government auditing standards for performance audits" means the standards for performance audits contained in the document "Government Auditing Standards" published by the Comptroller General of the United States, Government Accountability Office, as revised.

(8) "Peer review" means a review conducted in accordance with guidelines for external peer review contained in government auditing standards for performance auditing.

(9) "Performance audit" means an objective and systematic assessment of program 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.

### **2.700.010 Office established -- Independence.**

(1) The office of county performance auditor is hereby established in the legislative branch in accordance with Section 2.150 of the Snohomish County Charter for the purpose of reviewing, evaluating, and reporting on the integrity of the county's financial management system, the accuracy of financial recordkeeping, compliance with applicable laws, policies, guidelines and procedures, and the efficiency and effectiveness of operations and programs.

(2) The performance auditor shall be appointed by majority vote of the county council to a term of four years unless removed by the county council. A person must have appropriate professional credentials to be eligible for appointment. The performance auditor may be removed from office for cause by the affirmative vote of a majority of the council.

(3) The office of county performance auditor may be staffed by one or more county employees or independent contractors, provided that any professional county employees within the office will be subject to the management and exempt employees compensation plan provided for in chapter

3.69 SCC and will be paid in accordance with SCC 3.69.040. Staffing of the office will be determined by the county council.

(4) The office will adhere to generally accepted government auditing standards for performance audits in conducting its work and will function independently, subject to administrative direction by the council chairperson or chief of staff, as provided therein.

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

(1) The office of county performance auditor shall conduct performance or financial audits and/or studies as determined by the county council 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 and programs are performing efficiently, effectively, and economically when compared against objective criteria;

(d) Management has established, implemented, and adhered to adequate internal controls;

(e) Other criteria specified in the annual audit plan are satisfied.

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

**2.700.030 Annual audit plan.**

(1) On or before December 31 of each year the performance auditor shall prepare an annual audit plan for the following year in consultation with the performance audit committee and submit the plan for approval by the county council acting by motion. The council may amend the annual audit plan at any time after review and comment by the committee. Final authority for selection of audit areas shall reside with the council.

(2) In the selection of audit areas, the determination of audit scope, and the timing of audit work, the performance auditor 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.

**2.700.035 Coordination of county audits.**

In order to best coordinate auditing efforts across the county and assure that the annual audit plan is appropriate and avoids redundancy, the chief of staff of 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 performance auditor:

(1) Prior to initiating such services, written 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 audit or consultant reports within 30 days of completion of such reports.

**2.700.040 Performance audit committee.**

(1) A performance auditing committee is hereby established and shall be comprised of eight members, consisting of the chairperson of the county council or a member of the council designated by the chairperson 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. The terms of appointed members shall be for three years, subject to a limit of two consecutive three year terms, except that the term of a council appointee shall terminate when the nominating council member leaves office. 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 audit committee shall, at a minimum,

(a) Advise the performance auditor on the development of the annual audit plan;

(b) Review the audit process to provide input to the performance auditor on improvements and/or changes in the process and/or procedures used by the office in carrying out the annual audit plan; and

(c) Review final audit reports to provide input to the performance auditor regarding whether procedures for issuance of the reports have been followed.

(3) The chairperson of the county council or the chairperson's designee shall serve as chairperson of the performance audit committee. The performance auditor shall provide staff support to the committee.

**2.700.050 Access to records and property.**

(1) All county officers and employees shall furnish the office of county performance auditor with requested information and records in their custody relating to a performance audit unless disclosure to the office would be contrary to federal, state, or local law. In addition, they shall provide access for the office to inspect property, equipment, and facilities in their custody for the purpose of a performance audit. Except to the extent that disclosure of information or records to the office would be contrary to federal, state, or local law, all county officers and employees shall cooperate fully in interviews conducted by the office in the course of a performance audit.

(2) The office of county performance auditor shall give confidential information the same level of protection that is required of the audited department. The performance auditor may enter into a data sharing or confidentiality agreement with the head of an audited department to protect confidential information from unauthorized disclosure. In responding to a request for disclosure of public records the performance auditor shall redact items that are exempt from disclosure as determined pursuant to chapter 2.51 SCC.

**2.700.060 Department/program response.**

A final draft of each audit report shall be furnished to the audited elected official or department and/or program manager for review and comment before a final audit report is issued. The elected official or department and/or program manager must respond in writing stating agreement with the audit findings and recommendations or stating reasons for disagreement with the findings and/or recommendations, and setting out plans to solve problems identified in the draft audit report and a timetable for their implementation. The response must be furnished to the office of county performance auditor within a reasonable time frame specified by the performance auditor. The final audit report must contain the full text of the response. Implementation of solutions to problems identified in the draft audit report that require additional funding shall be contingent upon approval of the additional funding by the county council.

**2.700.070 Audit reports.**

Each audit will result in a written audit report. Audit reports can range from a memorandum to a full report depending on the scope determined for each project. Each audit report will be submitted to the county council, the county executive, the audited department and other interested persons upon request. The performance auditor will forward copies of the audit report to the committee and record the reports with the county 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 for performance audits or 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;
- (5) Pertinent views of responsible officials concerning audit findings, conclusions and recommendations as recorded in the full text of responses furnished pursuant to SCC 2.700.060;
- (6) A listing of any significant issues needing further study and consideration; and

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

**2.700.080 Peer review.**

(1) The office of county performance auditor shall be subject to peer review as required by government auditing standards for performance audits. A copy of the written report of any peer review shall be furnished to the committee and to the council chief of staff. In addition, the report shall be recorded in the county auditor's recording division.

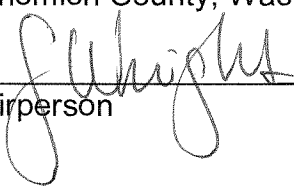
(2) The peer review will evaluate compliance with government auditing standards for performance auditing and the quality of audit effort and reporting. Specific peer review areas shall include staff qualifications, adequacy of planning and supervision, sufficiency of work paper preparation and evidence, 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 office.

**2.700.090 Office budget.**

A proposed budget for the office of county performance auditor will be developed by the council chief of staff, after consultation with the performance auditor, and submitted to the council chairperson. The chairperson shall incorporate the proposed budget into the county budget process provided for in chapter 4.26 SCC in such manner and with such changes as the chairperson deems appropriate.

PASSED this 24<sup>th</sup> day of April, 2013.

SNOHOMISH COUNTY COUNCIL  
Snohomish County, Washington

  
\_\_\_\_\_  
Chairperson

ATTEST:

  
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Clerk of the Council, Assistant

- APPROVED
- EMERGENCY
- VETOED

DATE: 4/26/13  
[Signature]  
County Executive

ATTEST:

Cora Palmer

Approved as to form only:

[Signature]  
Deputy Prosecuting Attorney