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EXECUTIVE OFFICE

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SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington



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ORDINANCE NO. 86-039
INTERNAL AUDITS:
AMENDING SNOHOMISH COUNTY CODE

BE IT ORDAINED:

Section 1. A new chapter is added to the Snohomish County Code as follows:

Chapter 4.02

Internal Audits

Sections:

- 4.02.010 Purpose
- 4.02.020 Use of audit assistants
- 4.02.030 Authority of the County Council and responsibilities of the audit assistant
- 4.02.040 General process
- 4.02.050 Scope of examinations
- 4.02.060 Responsibilities of agency under review
- 4.02.070 Scheduling of audits
- 4.02.080 Special audits
- 4.02.090 Use of audit assistants and technical experts
- 4.02.100 Filing of audit reports

4.02.010- Purpose.

The purpose of this chapter is to establish the role of the County Council and its audit assistants in performing internal audits. The internal audit function is an independent and objective assessment activity for the review of operations within Snohomish County government which enables the County Council to continue fulfilling its responsibility under Section 2.90 of the Charter.

4.02.020 Use of audit assistants..

One or more persons may be retained by the County Council to assist in performing the internal audit function. Such person or persons shall hereinafter be referred to as the

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audit assistant. Such person or persons shall have passed the uniform C.P.A. examination and/or possess an equivalent level of knowledge and experience concerning governmental auditing and accounting.

4.02.030 Authority of the County Council and responsibilities of the audit assistant.

- 1) The County Council shall be authorized to utilize the audit assistant to examine an office, department, or organization which receives appropriations from the County. Such office, department, or organization shall hereinafter be referred to as an agency. The Council, in exercising this authority, shall develop policies and procedures that provide for an orderly review and evaluation of governmental activities being examined.
- 2) The audit assistant, in assisting the County Council, shall have access to all of the records, properties, and personnel relevant to the subject under examination.
- 3) The audit assistant shall be charged with the responsibilities as follows:
 - a) To conduct his examination in an impartial and professional manner.
 - b) To adhere to generally accepted auditing standards and procedures as adopted by the American Institute of Certified Public Accountants.
 - c) To discuss findings and recommendations with management of the agency under review.
 - d) To conduct an "exit interview" with the Executive and the management of the agency under review during which a preliminary draft of the audit report is presented and discussed.
 - e) To request from the Executive and the management of the agency under review a written response to each finding or recommendation stating either agreement or disagreement with each finding.

- f) To conduct a post-audit interview with the management of the agency under review.
- g) To submit a final audit report on each examination to the County Council, County Executive, and to the management of the agency under review. Such report shall incorporate both the Executive's and agency's response to each of the findings and recommendations.
- h) Ensure that the ongoing activities of agencies being examined are not unreasonably interrupted during the audit.
- i) Facilitate cooperation and coordination of audit efforts with the Executive in order to achieve maximum benefit of findings and recommendations.

4.02.040 General Process.

The following describes the sequence of events in the internal audit function:

- 1) Council shall meet with the Executive and audit assistant in order to obtain input on potential agencies to be examined.
- 2) Council shall determine which agency will be examined by its audit assistant.
- 3) Objectives shall be developed for the examination.
- 4) A preliminary review of the agency selected shall be performed by the audit assistant.
- 5) The audit assistant will prepare and present to Council and the Executive, a proposed scope of services to be performed.
- 6) Council shall review with the Executive the proposed scope of services and Council may either accept, reject, or amend the proposal.
- 7) Under direction of the Council, the audit assistant shall prepare a letter describing the scope of services to be performed. Copies of the letter shall be delivered to the Council, Executive, and management of the agency under review.

- 8) The audit assistant shall perform the examination pursuant to S.C.C. 4.02.070.
- 9) At the conclusion of his field work, the audit assistant shall prepare a preliminary draft of the audit report.
- 10) The audit assistant shall conduct an exit interview to discuss the contents of his preliminary audit report with the Executive and management of the agency under review.
- 11) The audit assistant shall revise his report as deemed appropriate and request a written response to each finding, from the Executive and management of the agency under review, which states either agreement or disagreement with each finding.
- 12) Written responses obtained from the Executive and management of the agency under review shall be incorporated in the final audit report.
- 13) The audit assistant shall conduct a post-audit interview with the management of the agency under review.
- 14) The final audit report shall be delivered to the Council, Executive, and management of the agency under review.

4.02.050 Scope of examinations.

The audit assistant, in assisting the County Council, is authorized to perform analytical reviews and examinations including but not limited to the following: Review and evaluation of internal controls; detailed audit procedures associated with financial, performance or compliance types of audits and special projects requested by the County Council.

4.02.060 Responsibilities of agency under review.

The management of the agency under review is charged with responsibilities as follows:

- 1) Provide the audit assistant timely access to all records, properties, and personnel relevant to the subject under review.

- 2) Provide adequate work space for the audit assistant.
- 3) Participate in an exit interview and a post-audit interview with the audit assistant to objectively consider each recommendation as presented.
- 4) Respond to each audit recommendation within twenty (20) working days of the exit interview. Recommendations will be "responded to" by delivery of a written response to the audit assistant, stating either agreement or disagreement with the findings and recommendations.

4.02.070 Scheduling of audits.

The audit assistant shall schedule examinations in accordance with directions received from the County Council.

4.02.080--Special audits.

- 1) The Executive may recommend to the County Council that the audit assistant perform special audits. Special audits shall be requested by the Executive in writing and identify the anticipated objectives of the audit. Requests for special audits shall be reviewed by the County Council and prioritized in relationship to other potential projects.
- 2) In the event that such special audits are performed by the audit assistant subsequent to being authorized by the County Council, a report of the special audit shall be submitted to the Executive and to the County Council.

4.02.090--Use of audit assistance and technical experts.

When deemed necessary, the audit assistant may present a written request to the County Council for additional personnel or technical experts to assist in the performance of the examination.

4.02.100 Filing of audit reports.

Each final audit report filed as a matter of public record with the County Council.

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, such decision shall not affect the validity

of the remaining portions of this ordinance or its application to other persons or circumstances.

PASSED this 23rd day of April, 1986

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

Bruce Apur
Chairperson

Approved as to Form:

John W. Selby
Deputy Prosecuting Attorney

ATTEST:

Sheila McCallister
Clerk of Council

- (X) APPROVED
- () VETOED
- () EMERGENCY

DATE: John Martinis 4-25-86
JOHN MARTINIS
Deputy Executive
County Executive

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