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SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

AMENDED ORDINANCE NO. 97-061

CREATING THE DIVISION OF PERFORMANCE AUDITING
IN THE SNOHOMISH COUNTY AUDITOR'S OFFICE; ADDING NEW
SNOHOMISH COUNTY CODE CHAPTER 2.700 AND AMENDING SNOHOMISH
COUNTY CODE CHAPTER 2.50, CODE OF ETHICS

BE IT ORDAINED:

Section 1. A new chapter 2.700 is hereby added to the Snohomish County Code as follows:

CHAPTER 2.700

SNOHOMISH COUNTY AUDITOR'S OFFICE
DIVISION OF PERFORMANCE AUDITING

Sections:

- 2.700.005 Definitions.
- 2.700.010 Division established -- independence.
- 2.700.020 Authority -- Scope of audits.
- 2.700.030 Annual audit plan.
- 2.700.040 Performance auditing committee.
- 2.700.050 Access to records and property.
- 2.700.060 Department/program response.
- 2.700.070 Final audit reports.
- 2.700.080 Peer review.
- 2.700.090 Division budget.
- 2.700.700 Sunset

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, as revised.

(8) "Peer review" means review conducted by 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. 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 Division established -- independence.

(1) The division of performance auditing is hereby established in the auditor's office answerable directly to the auditor in accordance with Section 3.130 of the Snohomish County Charter. The division shall be headed by a manager appointed by the auditor having appropriate professional credentials for conducting performance auditing.

(2) The manager of the division 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 division will be determined by the auditor according to the workload of the division and the budget process of the county.

(3) The division will adhere to government auditing standards for performance auditing in conducting its work and will function independently as provided therein. The manager of the division shall be subject to review for performance pursuant to performance evaluation and review procedures applicable to division managers within the auditor's office.

2.700.020 Authority -- scope of audits.

(1) The division shall conduct performance audits of all departments and programs of the county 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;

(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 adequate operating and administrative procedures and practices, systems of accounting, internal control systems, and internal management controls which are being adhered to.

(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.

2.700.030 Annual audit plan

(1) The auditor shall prepare an annual audit plan. The annual audit plan shall be developed in consultation with the committee. 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.

2.700.040 Performance auditing committee

(1) A performance auditing committee shall be established and shall be comprised of five members. Membership shall be as follows: the auditor, the county executive, the chair of the county council, or their designees, and two at-large members selected by those elected officials. The at-large members shall be residents of the county and one at-large member shall be a certified public accountant. The terms of the two at-large members shall be for three years, subject to a limit of two consecutive three year terms. The at-large members shall be appointed by the three elected official members by majority vote. The elected official and at-large members of the committee are subject to the code of ethics, Chapter 2.50 SCC.

(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.

2.700.050 Access to records and property

All county officers and employees shall furnish the division with requested information and records in their custody regarding powers, duties, activities, programs, organization, property, and methods of business relating to a performance audit unless disclosure would be contrary to federal, state, or local law. In addition, they shall provide access for the division to inspect all property, equipment, and facilities in their custody. If county officers and employees fail to furnish required information or access, the committee will review the facts and advise the division as to the process to follow to acquire the information and/or access to conduct the audit. Except to the extent that disclosure would be contrary to federal, state, or local law, all county officers and employees shall cooperate fully in interviews conducted by the division in the course of a performance audit.

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 auditor and the division within the time frame specified by the auditor. The final 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 Final audit reports.

Each audit will result in a written final audit report. 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 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 auditing;
- (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 the cause of problem areas and recommendations for necessary or desirable action;

(5) 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 the full text of responses furnished pursuant to SCC 2.700.070;

(7) a listing of any significant issues needing further study and consideration; and

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

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. 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.

2.700.090 Division budget.

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

2.700.700 Sunset.

This chapter, adopted by Amended Ordinance No. 97-061 or as amended after the effective date of Amended Ordinance No. 97-061, is repealed effective on the date six years following enactment unless reenacted prior to that date, as provided in Snohomish County Charter § 2.115.

Section 2. Snohomish County Code Section 2.50.010, last amended by Amended Ordinance No. 95-056 on October 25, 1995, is amended to read:

2.50.010 Definitions.

For the purpose of this chapter:

(1) "Action" means any decision, determination, finding, ruling or order; and any grant, payment, award, license, contract, transaction, sanction, or approval, or the denial thereof, or failure to act with respect thereto;

(2) "Appearance of Fairness" means that Doctrine applied by Washington State Courts and chapter 42.36 RCW to quasi-judicial actions;

(3) "Appointed official" means the chief deputy of any elected official, the chief officer or director of any office or department who is appointed by the executive or county council, any quasi-judicial officer and the members of the planning commission, the board of equalization, the boundary review board, ~~((and))~~ the ethics commission, and the at-large members of the performance auditing committee established by SCC 2.700.040;

(4) "Compensation" includes payment in any form for real or personal property or services of any kind; PROVIDED, That "compensation" shall not include per diem allowances or payments made by a governmental entity to reimburse a public official for expenses incurred while the official is engaged in the official business of the governmental entity.

(5) "Contribution" means a loan, gift, deposit, subscription, forgiveness of indebtedness, donation, advance, pledge, payment, transfer of funds between political committees, or transfer of anything of value, including personal and professional services, for less than full consideration, but does not include interest on moneys deposited in a political committee's account, ordinary home hospitality and the rendering of personal services of the sort commonly performed by volunteer campaign workers, or incidental expenses personally incurred by volunteer campaign workers not in excess of fifty dollars personally paid for by the worker. Volunteer services, for the purposes of this chapter, means services or labor for which the individual is not compensated by any person. For the purposes of this chapter, contributions other than money or its equivalents shall be deemed to have a money value equivalent to the fair market value of the contribution. Sums paid for tickets to fund-raising events such as dinners and parties are contributions; however, the amount of any such contribution may be reduced for the purpose of complying with the reporting requirements of this chapter, by the actual cost of consumables furnished in connection with the purchase of the tickets, and only the excess over the actual cost of the consumables shall be deemed a contribution;

(6) "County employee" means any person, other than an elected or appointed official and judge or employee of superior and district courts, who is employed by the county or any elected or appointed official in their official capacity;

(7) "Elected official" means any person elected at a general or special election to any county public office, and any person appointed to fill a vacancy in any such office, except judges of the superior or district courts or precinct committee officers;

(8) "Ethics" means principles of conduct governing an individual or a profession; standards of behavior;

(9) "Ex-parte communication" means any communication, written or oral and relating to a quasi-judicial action between an elected or appointed official and only one party to said action without the presence of other parties to the action;

(10) "Immediate family" means the spouse, children, parents and siblings of an elected or appointed county official or county employee and shall include the children, parents and siblings of the spouse of any official or employee;

(11) "Individual" means a single natural person as distinguished from a partnership or corporation;

(12) "Lobby" and "lobbying" each mean attempting to influence the passage or defeat of any legislation by the Snohomish county council, or the adoption or rejection of any rule, standard, rate, or other enactment of any county agency. Neither "lobby" nor "lobbying" includes an association's or other organization's act of communicating with the members of that association or organization;

(13) "Lobbyist" includes any person who lobbies either in his own or another's behalf;

(14) "Lobbyist's employer" means the person or persons by whom a lobbyist is employed and all persons by whom he is compensated for acting as a lobbyist;

(15) "Natural person" means an individual human being as distinguished from a partnership, corporation or other association;

(16) "Organized group" means any political committee (other than groups created for the purpose of a single specific candidate for his/her own campaign), political party, or any special interest group; PROVIDED, That after December 31, 1995 "organized group" shall mean political action committees (including political parties) who have filed with the Washington State Public Disclosure Commission, provided that groups created solely for the purpose of campaigning for the election of a specific candidate shall not be an organized group for the purposes of this chapter;

(17) "Person" means:

(a) An individual;

(b) A partnership, limited partnership, public or private corporation, or joint venture;

(c) A nonprofit corporation, organization, or association, including but not limited to, a national, state, or local labor union or collective bargaining organization and a national, state, or local trade or professional association;

(d) A federal, state, or local governmental entity or agency, however constituted;

(e) A candidate, committee, political committee, bona fide political party, or executive committee thereof; and

(f) Any other organization or group of persons, however organized;

(18) "Quasi-judicial actions" are those actions of the legislative body, planning commission, hearing examiner, zoning adjuster, board of adjustment, or other appointed or elected board which determine the legal rights, duties, or privileges of specific parties in a hearing or other contested case proceeding.

Quasi-judicial actions do not include legislative actions adopting, amending, or revising comprehensive, community, or neighborhood plans or other land use planning documents or the adoption of area-wide zoning ordinances or the adoption of a zoning amendment that is of area-wide significance.

PASSED this 9th day of July, 1997.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

John Lerner
Chairperson

ATTEST:

Kathryn V. Bratcher
Clerk of the Council

- APPROVED
 VETOED
 EMERGENCY

DATE: 7-10-97

ATTEST:

Joan Swanson
PUBLISH: _____

Joan M. Earl
County Executive

JOAN M. EARL
Deputy Executive