

## Chapter 1.26

### PERFORMANCE AUDITING

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#### **1.26.010 Intent and Purpose.**

It is the intent of this Chapter to carry out the provisions of Pierce County Charter Section 2.20(1)(f). The Council shall employ independent and outside competent professional personnel and conduct an ongoing performance audit program designed to improve the economy, efficiency, and effectiveness of county government, including performance audits of any department, program, office, or other entity funded in the Pierce County budget unless prohibited by general state law. (Ord. 2007-9 § 1 (part), 2007; Ord. 97-12S § 2 (part), 1997)

#### **1.26.020 Performance Audit Defined.**

A. Performance audit means an independent, objective, and systematic assessment of a County program or department or agency or any of its services, functions, or activities, to help public officials improve efficiency, effectiveness, and accountability.

Performance audits, for example, may:

1. Determine the extent to which desired outcomes or results are being achieved, the causes for either achieving or not achieving intended outcomes or results, and whether County policy, laws, and rules are being complied with in an efficient and economical manner;
2. Analyze whether resources, such as personnel, property, and space, are being used economically and efficiently, and report the causes of any inefficiencies or uneconomical practices;
3. Examine the costs and benefits of County programs, departments, functions, and activities;
4. Identify viable and objective alternatives and recommendations for reducing costs, improving service delivery, and monitoring corrective action;
5. Determine the existence and utility of a department, agency, or program's strategic plan, which includes comparing the department's or program's mission, measurable goals, and clear strategies with the timeliness to achieve those goals; and
6. Develop a workable, affordable plan for a department, program, activity, or function to improve performance and/or efficiency, where appropriate.

The term performance audit may be used generically to include program evaluations, program effectiveness and results audits, economy and efficiency audits, operational audits, value-for-money audits, and special studies.

(Ord. 2007-9 § 1 (part), 2007; Ord. 97-12S § 2 (part), 1997)

*The following Section 1.26.030 shall be effective January 1, 2011, through December 31, 2011.*

**1.26.030 Interim Oversight Committee.**

- A. The Council designates its Rules and Operations Committee to serve as an Interim Oversight Committee for performance audit activities. The Oversight Committee (Committee) shall assist the Council in assuring the independence and professionalism of the performance audit staff and contractors, the integrity of performance audits, and the adequacy of disclosures to the public.
- B. The Committee shall oversee and set the direction of the performance audit program. At a minimum, this includes:
  - 1. Review and approve an annual performance audit work program;
  - 2. Review and approve the scope and objectives of each audit;
  - 3. Ensure that the process for acquiring performance audit contractors follows Pierce County purchasing requirements as well as best practices in competitive solicitation;
  - 4. Review and approve performance audit contracts;
  - 5. Accept or approve performance audit reports;
  - 6. Report annually to the public on the highlights of performance audits conducted that year, provided that the report shall be made available to the news media and be accessible on-line without charge by interested citizens;
  - 7. Evaluate the cooperation received by audit staff and contractors in planning and conducting performance audits, including the ability to access all requested records, data, and information;
  - 8. Elicit comments from management regarding the responsiveness of audit staff and contractors to management's needs; and
  - 9. Review and make recommendations to the Council and the Executive on performance audit findings, recommendations, and reports, including recommendations for budget action or other changes to Pierce County's laws.
- C. The amendments to this Section by Ordinance No. 2010-78s shall sunset on December 31, 2011.

(Ord. 2010-78s § 2 (part), 2010; Ord. 2007-9 § 1 (part), 2007; Ord. 2005-83 § 1, 2005; Ord. 2001-79 § 1, 2001; Ord. 97-12S § 2 (part), 1997)

*The following Section 1.26.030 shall become effective on January 1, 2012.*

**1.26.030 Performance Audit Committee.**

- A. There is established a Performance Audit Committee (Committee) comprised of seven members. Membership shall be three Councilmembers, the County Executive, and the Director of Budget and Finance (or their designees), and two at-large members selected by these five members.
- B. The Council designates the Performance Audit Committee to serve as the focal point of performance audit activities. The Committee is to be the Council's principal agent in assuring the independence and professionalism of the performance audit staff and contractors, the integrity of performance audits, and the adequacy of disclosures to the public.
- C. The Committee shall oversee and set the direction of the performance audit program. At a minimum, this includes:
  - 1. Review and approve an annual performance audit work program;
  - 2. Review and approve the scope and objectives of each audit;
  - 3. Ensure that the process for acquiring performance audit contractors follows Pierce County purchasing requirements as well as best practices in competitive solicitation;
  - 4. Review and approve performance audit contracts;

5. Accept or approve performance audit reports;
6. Report annually to the public on the highlights of performance audits conducted that year, provided that the report shall be made available to the news media and be accessible on-line without charge by interested citizens;
7. Evaluate the cooperation received by audit staff and contractors in planning and conducting performance audits, including the ability to access all requested records, data, and information;
8. Elicit comments from management regarding the responsiveness of audit staff and contractors to management's needs; and
9. Review and make recommendations to the Council and the Executive on performance audit findings, recommendations, and reports, including recommendations for budget action or other changes to Pierce County's laws.

(Ord. 2010-78s § 2 (part), 2010; Ord. 2007-9 § 1 (part), 2007; Ord. 2005-83 § 1, 2005; Ord. 2001-79 § 1, 2001; Ord. 97-12S § 2 (part), 1997)

#### **1.26.040 Performance Audit Staff.**

- A. To ensure adequate planning and coordination of the many activities involved in performance audits, the Council shall employ Performance Audit staff.
- B. The Performance Audit staff, under the direction of the Interim Oversight Committee, shall:
  1. Plan and initiate the performance audit and review functions as described in this Chapter;
  2. Submit annual performance audit plans or work programs to the Committee for review, comment, and approval;
  3. Negotiate agreements with independent outside contractors to plan or conduct performance audits;
  4. Conduct performance audit planning studies and prepare requests for proposals;
  5. Conduct performance audit follow-up studies that determine whether agencies have implemented audit recommendations, identify the impact of the recommendations, and update the analysis;
  6. Ensure that performance audits are planned, conducted, and reported in accordance with *Government Auditing Standards* published by the U.S. Government Accountability Office;
  7. Submit audit reports to the Committee;
  8. Prepare an annual report to the public on the highlights of performance audits conducted that year, for review, approval, and issuance by the Committee;
  9. Coordinate a performance audit schedule, prioritize the elements of the performance audits, and evaluate contractor performance;
  10. Review with County managers policies and procedures and make recommendations to reasonably ensure the adequacy of internal controls to enhance performance measure tracking and reporting;
  11. Consistent with this Chapter, coordinate with the State Auditor and other audit agencies while avoiding duplication of effort;
  12. Transmit completed audit reports to the Council;
  13. Consistent with Charter requirements, coordinate with the Council so that an evening public hearing can be scheduled within 90 days of the completion of a performance audit to present, review, and allow discussion of action plans developed to respond to audit findings and recommendations;
  14. Meet with the Committee and/or Council as needed;

15. Have access to all books, electronic records, records, and data of all County departments and other governmental entities funded in the Pierce County budget in whatever media they may be kept; provided that in examining the records, electronic records, books, and data, the Performance Audit staff shall preserve the confidentiality of all information as required, and provided that access to the information is allowed by state and federal law; and
16. Perform such other activities as may be assigned by the Committee or ordinance from time to time.

(Ord. 2010-78s § 2 (part), 2010; Ord. 2007-9 § 1 (part), 2007; Ord. 97-12S § 2 (part), 1997)

**1.26.050 Performance Audit Contractors.**

A. Performance Audit contractors selected to provide services pursuant to this Chapter shall:

1. Provide assurances in writing that they are not aware of any impairments, actual or perceived, of their independence from the entity being reviewed or audited, and will plan and conduct the project in accordance with *Government Auditing Standards* as applicable to the scope of the audit;
2. Have access to all books, electronic records, records, and data of all County departments and other governmental entities funded in the Pierce County budget in whatever media they may be kept; provided that in examining the records, electronic records, books, and data, the contractor shall preserve the confidentiality of all information as required, and provided that access to the information is allowed by state and federal law;
3. Submit detailed work plans to the Performance Audit Coordinator for review and approval;
4. At the start and close of an audit, conduct entrance and exit conferences with the director of the entity under review;
5. Upon request, provide the Performance Audit Coordinator with documentation of the evidence for findings, conclusions, recommendations, or other material in the audit report; and
6. Perform such other activities as may be assigned by the terms of the contract.

B. County departments shall:

1. Supply access to accounts and records in whatever media they may be kept and assist in finding and identifying them; and
2. Cooperate in a timely manner with all aspects of performance audits.

(Ord. 2007-9 § 1 (part), 2007; Ord. 97-12S § 2 (part), 1997)