



**Office of the Performance Auditor
2009 Annual Report**

June 17, 2010



Status Update

In 2009 the Office of Performance Auditor continued as a separate Office under the Snohomish County Council as specified in the Snohomish County Charter. The office structure and function operate independently and promotes effective, efficient and accountable county government services through performance audits.

The Office was managed during 2009 senior council staff members. This move was necessary to address county-wide budget reduction requirements brought about by declining economy beginning in 2008. The Performance Audit Advisory Committee was brought up to full membership with the addition of several new members. Performance audit work continued during 2009 through contracts for audit services.

In August 2008 the County implemented Ordinance 08-105 responding to projected revenue shortfalls in the General Fund in 2008. The Ordinance froze hiring of any vacant positions in the general fund. The Ordinance was reauthorized in 2009 and again in January of 2010. It is expected to remain in force through the end of the year. At the present time the economic recovery is projected to be slow. As the County begins the 2011 budget process it is clear that significant program reductions will be necessary to achieve a program levels that can be sustained by the revenue base.

In spite of the economic conditions, the County is committed to meeting both the specifications and the spirit of the Performance Auditor requirements specified in the Charter. The Council intends to achieve this objective by continuing the current management and staffing arrangement.

Their specific objectives for the Office of Performance Audit in 2009 were to:

- Complete the 2008 Annual Report for the Office of Performance Audit Services.
- Work with council members to fill vacancies on the performance audit committee.
- Conduct meetings of the Performance Audit Committee providing orientation to new members and providing the committee the opportunity to review and amend 2009 Draft Audit Program.
- Revise the Draft Audit Program reflecting Performance Audit Committee recommendations.



- Finalize the 2009 Draft Audit Program and present it to Council for their review and amendment.
- Develop a work program identifying the resources to accomplish the audits included in the work plan.

The Office of Performance Audit accomplished all of these objectives and in late 2009 entered into contract for work with two firms to provide audit services to implement the 2009 Audit Plan that was approved by Council.

2009 Audits

In 2009 the Office of the County Performance Auditor completed a review of two audits completed in previous years and issued an RFP for audit services to complete an audit of the County’s Department of Information Services' rate model, governance and communications practices. The audit was selected after extensive conversations with county managers and elected officials. Work began in early 2010 and a final action plan on findings is expected to be completed by mid year.

Office of the County Performance Auditor, 2009

- 1 Office of Performance Auditor Management: John Amos
- Staff Support: Carri Schlade
- 1 part-time temporary intern

Performance Audit Committee (PAC)

The PAC met twice in 2009 to establish the 2009/2010 audit work plan. Suggestions for audit topics are received from citizens, county employees, elected officials, and other sources. In addition, the PAC reviews each audit report prior to release to ensure appropriate audit processes were followed.

Members of the 2008 Performance Audit Committee

Council District 1 Appointee:	Dee Burnett (1 st term expires 12/31/2011)
Council District 2 Appointee:	Otto Chase (1 st term expires 12/31/2011)
Council District 3 Appointee:	John S. Briney (1 st term expires 12/31/2011)
Council District 4 Appointee:	Lillian Kaufer (1 st term expires 12/31/2010)
Council District 5 Appointee:	Nancy Truitt Pierce (2 nd term expires 12/31/2010)
Executive Appointee:	Reginald Gillins (1 st term expires 12/31/2009)*
Executive Appointee:	Eric Earling (1 st term expires 12/31/2009)*

* The Executive reappointed Mr. Gillins and Mr. Earling to second terms in early 2010.

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Performance Indicators

0 Reports Issued

	Audits	Audit Follow Ups	Total
Completed	0	2	2

Audits _____ Audit Follow Ups _____
 Electronic Payments
 Emergency Management

Full Compliance (2006) Peer Review

The Office received a “Full Compliance” rating from the Association of Local Government Auditors (ALGA) peer reviewers in 2006.

Audit Topics Considered as Part of 2009-2010 Audit Work plan

Project detail is subject to change following initial analysis during pre-audit surveys. Workplan will be reviewed and updated by the Performance Audit Committee and Council in June/July.

- Department of Information Services Audit of Rate Model, Governance and Communications – Audit work began in 2010.
- Duplicated County Services- Deferred - Will be considered as part of 2011-12 Audit Program

Are there services and activities in Snohomish County that are duplicated?
Could any of these services and/or activities be consolidated?

- Human Services Contracting/Grants – Deferred - Will be considered as part of 2011-12 Audit Program

Is the Human Services Contracting Process efficient, effective, and equitable?

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Is the county meeting its responsibilities as a grantee/grantor?

- Follow Up Reports-**PENDING**

During 2009, a formal follow-up report was completed for the Electronic Payments Audit and the Department of Emergency Management Audit. The follow up of Parks Maintenance and Hiring Practices were deferred.



Open Recommendation Reporting

Each January the Performance Auditor will revisit past audits to determine the progress that has been made addressing open recommendations. Reports that have been fully addressed will be closed during this report.

➤ **Departments of Finance, Treasury and Information's Services –
Electronic Payments Audit**

OPEN Recommendations:

Department representatives were interviewed in order to provide information regarding the current status of the implementation of audit recommendations made in the performance audit of Snohomish County's receipt of Payment Cards and E-Payments completed in May 2008. This follow up evaluation was completed in November and December of 2009.

Recommendation 1 - Continue to Implement New Electronic Management Processes.

Snohomish County Finance/Treasurer/DIS should continue to implement new management processes related to e-payment and payment cards including:

- *setting direction and providing expertise;*
- *effectively training staff; and*
- *performing legal due diligence.*

In the time since completion of the audit in May 2008, programs that might utilize payment cards or e-payments with customers have not progressed or have been reduced because of the economic environment. As a result, there is not a body of work on which to evaluate this recommendation fully. There is evidence that Finance, Treasurer, and DIS have collaborated regarding payment cards and e-payments during the past year and have communicated with departments and offices to help ensure compliance with security concerns. This recommendation remains open to wait for opportunities to provide leadership in implementing new processes, and not as a result of any failure to act on the part of Finance, Treasurer, or DIS.

In order to close this recommendation, Finance, Treasurer, and DIS should provide a report to the Snohomish County Council at the end of 2010 detailing new e-payment and payment card activities and describe how the elements of Recommendation 1 have been met.

Recommendation 2 - Departments should submit Validation of PCI DSS.



Snohomish County Finance/Treasurer/DIS should submit the PCI-DSS Self-Assessment Questionnaire validating compliance with the standard by September as planned.

Snohomish County submitted their PCI-DSS (Payment Card Industry-Data Security Standard) Self-Assessment Questionnaire in July of 2008 and again in September of 2009. Each of the documents validated Snohomish County's compliance with the PCI standard.

Recommendation 3 - Continue Development and Implementation of Countywide information security awareness program.

Recommendation 3

Snohomish County Finance/Treasurer/DIS should continue development and implementation of a countywide information security awareness program that includes payment card security information

DIS has developed a draft countywide information security awareness program that includes payment card security information, but it has not yet been implemented.

In order to close this recommendation, Finance, Treasurer, and DIS should provide a report to the Snohomish County Council at the end of 2010 detailing how the information security awareness program and other e-payment and payment card training activities have been implemented.

The Office of Performance Auditor will continue to monitor opportunities to evaluate Recommendation 1 during 2010. The practice of providing electronic payment opportunities for citizens will be included on the list of potential audit projects on the 2011 and 2012 work plan.

The Office will follow up on Recommendation 3 during the 2010 audit follow up.

➤ **Department of Emergency Management Audit**

Six recommendations were open at the Department of Emergency Management Audit's last review in November 2007. This follow up evaluation focused only on these open recommendations and was completed in November and December of 2009.

DEM has made significant progress since 2007 in implementing audit recommendations. Of the five remaining recommendations three can be closed. Details regarding each of the recommendations can be found below. In addition to progress on recommendations, DEM updated their strategic plan this year and has implemented a structure for using the plan to drive department activities DEM has



taken a leadership role in helping to develop a countywide Continuity of Operations Plan (COOP).

OPEN Recommendations:

Recommendation 8 - Full implementation of NIMS requirements

DEM should make every effort to be in full compliance with NIMS by September 2006. This will include full implementation and documentation of NIMS requirements in relation to:

1. ICS
2. Public Information System
3. SOGs
4. Mutual Aid Agreements including updating current agreements and new agreements with:
 - a. Independent EOCs in Snohomish County
 - b. Stakeholders
5. After-Action Issue Implementation
6. Inventory Community Response Assets (personnel, teams, facilities, equipment, and supplies) including:
 - a. Snohomish County assets
 - b. Regional assets
 - c. Nonprofit assets
 - d. Public sector assets

DEM has self-certified compliance with National Incident Management System (NIMS) to Washington State. They receive grant funding that requires NIMS compliance. There is not a formal process to externally certify NIMS compliance. DEM showed evidence of fundamental compliance with NIMS requirements in relation to the Incident Command System (ICS), Standard Operating Guidelines (SOGs), Mutual Aid Agreements, After Action Issue Implementation, and Inventory of Community Response Assets.

Compliance with NIMS is an iterative process that is continually revised and improved upon. Mutual Aid Agreements with more stakeholders continue to be developed and assets continue to be added to DEM's Inventory of Community Response Assets.

General planning for the Public Information System is still underway although the process has been put into practice during H1N1 activities.

Recommendation 10 - Comprehensive Emergency Management Plan



DEM should undertake a thorough update of the CEMP, including the ESFs. This should include attention to:

- 1. RCW, NIMS, and EMAP compliance*
- 2. Consistent CEMP format and clarity*
- 3. Disseminate to and educate all designated partners*
- 4. Include hazard-specific and public awareness and education annexes*

The Comprehensive Emergency Management Plan was most recently updated in September of 2009 with a focus on guiding authorities. The format is significantly improved in regard to consistency and clarity and has been disseminated to designated partners. DEM staff has made themselves available for questions and training on their CEMP.

DEM has included a terrorism annex in their CEMP, but has not completed hazard-specific or public awareness/education annexes. They note that the bodies of the CEMP and their Hazards Inventory and Vulnerability Analysis (HIVA) have the same effect as the recommended hazard-specific annexes. Full evaluation of current NIMS requirements or the sufficiency of the hazard planning by DEM using the alternate approaches was not completed. Before this recommendation is closed, DEM should document the current NIMS requirements and report to the Snohomish County Council describing how current DEM hazard planning activities meet NIMS requirements.

Performance Audit staff will meet with DEM staff in 2010 to verify the current NIMS requirements before closing this item.

Recommendation 11 - Drills, exercises and training documentation

DEM should ensure that appropriate documentation is in place for training that they provide. This should include:

- 1. Specific goals and objectives*
- 2. Assessment of constituency training needs*
- 3. Participant lists*
- 4. Course evaluations*

DEM provided documentation that showed evidence of implementation of all aspects of training that were recommended.

Recommendation 12 - Training plans and logs

DEM should develop and document training plans and training logs for each DEM staff person.



DEM has not yet implemented training plans for each staff person, but notes that it is on their work plan. Prior to closing this recommendation, DEM should provide documentation of staff training plans to the Snohomish County Council.

Recommendation 17 - Grant Reporting

DEM should implement continuous monitoring processes including methods for ensuring that:

- *Grants are closed out timely*
- *Grant objectives are being met*
- *Grant reporting requirements are submitted as required*

DEM has instituted continuous monitoring processes to ensure timeliness, meeting grant objectives, and submittal of grant reporting requirements

➤ **Hiring Practices Audit**

The Office of Performance Audit staff met with HR management during 2009 and determined that staff had been hired to address the Audit recommendations. The department had made progress on the recommendations when we met briefly with them in late 2009. At that time, it was determined that the follow up of the Emergency Management recommendations was higher priority. We will conduct a follow up on these Recommendations during 2010 to determine compliance.

Recommendation 1 - Controls

Snohomish County Code 3A should be revised to make HR responsible for countywide planning, coordination, and general tracking of the recruitment and selection processes. HR should determine and request any resources needed to fulfill an expanded role in the recruitment and selection process.

Recommendation 2 – Controls

HR should plan, institute, and monitor a comprehensive set of controls.

Recommendation 3 - Recruiting

With the assistance of HR, departments and offices should develop short- and long-term recruiting plans for particularly difficult-to-fill positions.

Recommendation 4 - Selection

HR should develop an exit interview program to determine the reasons for increasing first year turnover rates and identify strategies to decrease early separations.



The Human Resources Department took the following actions in 2008 to address this suggestion.

Turnover:

An On-Boarding Team has been organized including members from the Sheriff's Office, Facilities, DIS and HR. The goal of the team is to make the transition into work as smooth as possible. They have met one time and brainstormed ideas for helping new employees integrate smoothly into Snohomish County with the hope of decreasing turnover.

Exit Interview:

Department is undecided about implementing an exit interview. After discussing it with other jurisdictions that use them, some concerns developed about the burden of public disclosure. They feel it would be necessary to train interviewers appropriately before implementing. They agree that an exit interview could provide valuable information, but need to consider format more.

Recommendation 5 - Efficiency

HR, in consultation with departments and offices, should determine if the county's time to fill positions is acceptable and make policy changes accordingly.

Recommendation 6 - Selection Efforts

HR should explore developing and maintaining eligibility registers for the use of all departments and assist departments in identifying job classifications for which department/office-managed eligibility registers could improve efficiency.

➤ **Parks Maintenance Audit**

The Office of Performance Audit Staff met with Parks staff to discuss progress and action on the Park Maintenance audit recommendations. The Department had made excellent progress addressing the recommendations. The information below was provided by the department during our 2008 follow. A second follow up is planned for 2010.

Recommendation 1 - Plan and Organize

Set strategic direction and objectives

- The department has reorganized to include a new manager position and supervisor position.



- A new grading system has been implemented for the park facilities. Parks Managers go out twice a month to inspect parks and give graded evaluation reports.
- All the facilities are visited annually, high traffic ones more often.
- They have weekly manager meetings.

Collect reliable and accurate data

- The work order system has been improved.
- Procedures are being developed that limit that can touch the data to ensure accuracy.
- Addressing standardization of facilities across parks (over 100), but lack good data for valuation of assets.

Take inventory and assess condition

- Department is initially focusing on documenting all physical assets and have compiled asset inventory in Excel.
- Department Objective is to try and finish evaluating and documenting assets in 2008 and begin to develop individual park management plans.

Address the backlog

- Department has made addressing the work order backlog and cleaning up the database a priority.
- As of April 8, 2008, there are 35 work orders in backlog, down from over 450.
- The backlog changes daily and department is trying to develop a process for prioritizing the items.
- Preventative maintenance – Department has begun using Outlook for reminders to tell leads what, when and where.

Resources needed

- The department continues to experience annual increases in the number of acres they maintain and active park amenities.
- They plan on using technology and automated systems to increase efficiency (time sheets and work orders).
- The park management plans will assist with evaluating equipment needs when they are developed.

Develop work programs and budgets

- Department is developing a resource management plan for each park.

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- Objective is to be able to report comparison of staff, resources and workload.

Recommendation 2 - Lead

Retain competent, trained, high performing staff

- They have monthly, all-staff safety meetings.

Effectively communicate

- The new supervisor position between managers and leads has brought senior management closer to staff and increased two way communications.
- Senior management meets monthly and leads meet weekly.
- Line staff completed survey where 85% responded positively about communication improving.

Maintain a culture of quality

- They have been emphasizing that all the workers are one group and everyone shares responsibility.
- Department has standardized start times and uniforms.

Prioritize/Assign Work

- Department is holding regular meetings for lead staff where the work schedule for the following week is prioritized and work is assigned.

Deploy workers

- Department has not been able to address this item.

Supervise and give feedback

- Department Management Staff evaluated parks and gave graded reports with explanations about grades and general feedback.
- Annual performance evaluations for staff with one year probation period.
- New hires have six month and one year performance evaluations.

Protect Assets

- Department has implemented a new policy for controlling assets including: all inventories worth over \$300 and tagging equipment including “small and attractive” equipment such as digital cameras.



Recommendation 3 - Assess and Enhance

Measure Performance

- Department is developing draft performance measures to including work hours and projects.
- Department has developed Performance Measures for SnoStat on Parks website.

Inspect

- Department is conducting annual inspections on contracts.
- Rangers inspect playgrounds monthly as mandated.

Reporting Accomplishments

- Report accomplishments on SnoStat.
- Department continues to evaluate other tools for reporting.

Recommendation 4 - Contracting for Maintenance

- Setting up a contract database.
- Currently reviewing and rewriting contracts.
- Meet with Risk, PA and Auditors offices to review contracts.
- Recruiting new partners to take care of parks coming to the end of their contracts.

➤ ER&R Usage Audit (Equipment Rental and Revolving fund)

We will initiate the process to close this audit in 2010. However, Council members have had questions about the ER&R maintenance scheduling so that phase of the operation will be placed on the potential 2010 audits list.

➤ Code Enforcement Audit

After the January 2008 review of the 27 remaining items it was determined that 16 had been addressed and 11 remained open. In November 2008 the department submitted a memo to the Council detailing how the final 11 items had been addressed. Below is a summary of the actions taken as a result of this review:



- A procedure manual has been developed;
- Performance evaluations have been implemented;
- Judgments are now recorded with the Auditor's Office;
- Technical expertise has been formalized;
- A process is in place to ensure timely transfer to collections;
- Certificates of noncompliance have been discontinued per current code;
- A citation process and penalty schedules have been developed;
- The effectiveness of the VCA has been evaluated;
- Appeal fees have been determined;
- Leadership has improved communications;
- Data entered into AMANDA has improved;
- Receivables have been identified clearly for tracking purposes;
- Judgments and penalties are effectively tracked and promptly billed;
- Performance measures have been developed conforming to Ord. #08-062;
- Tracking performance measures will be tracked beginning in 2009;
- All cases in excess of six months are being reviewed by a senior officer or supervisor;
- Billing processes are up to date and a contract with a new collection agency is in place allowing timely referral;
- Improved working relationship with Sheriff's Office to assure officer safety;
- Enforcement officers now have individual folders to be carried in their vehicles, which contains PDS educational bulletins and permitting and zoning information;
- Revised our response postcard which is mailed to the complainant upon receipt of the complaint;
- Customer survey forms for both the complainant and violator have been developed and we will start distributing these forms to the public early in 2009;
- A brochure containing an overview of Code Enforcement has been developed and is circulating, and
- Finalizing a brochure which we intend to provide to all violators, informing them of the appeal processes for citations and notice of violations and how fines and monetary penalties are calculated.

With this report it appears that all recommendations have been addressed. However, with the unprecedented decline in construction activity the department has undergone significant reductions. We will return for one more follow up to determine if any of the business practices have changed as a result of the staffing reductions and budget shortfalls.