



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

June 17, 2010



Status Update

In 2010 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 continued to be managed during 2010 by 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 2010 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 remained in force through the end of 2010. At the present time the economic recovery is projected to be slow. At the present time the Council expects to recruit to fill the Performance Auditor Position late in 2011 or early in 2012. The 2011 work program is dedicated to following up on the previous work of the Office and preparing for transition to a dedicated staff model.

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.

Their specific objectives for the Office of Performance Audit in 2010 were to:

- Complete the 2009 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 2010 Draft Audit Program.
- Revise the Draft Audit Program reflecting Performance Audit Committee recommendations.



- Finalize the 2010 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 2010 entered into contracts for work with two firms to provide audit services to implement the 2010 Audit Plan that was approved by Council.

2010 Audits

In 2010 the Office of the County Performance Auditor completed a review of two audits completed in previous years and continued our review of the 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, 2010

- 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 2010 to establish the 2010/2011 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:	Vacant
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	4	4

Audits	Audit Follow Ups
	Electronic Payments
	Emergency Management
	Hiring Practices
	Park Maintenance

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 2010-2011 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 – Core Audit was completed in April 2010 and department developed an Action Plan to address the recommendations. Follow up engagement was completed in 2010. Follow up work was instrumental in development of the ITAC governance model adopted by Council.
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- **Follow Up Reports-PENDING**

During 2010, a formal follow-up report was completed for the Hiring Practices, Parks Maintenance, Electronic Payments Audits and the Department of Emergency Management Audit.



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 2010. The 2010 review concluded that all recommendations in the report had been addressed. The audit is subject to closure at this time. .

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.*

Since Follow up completed in 2009 there has been new e-payment activity at the County. Finance and the Treasurer as well as DIS have demonstrated leadership and guidance in these new efforts. This has been validated by parties who have implemented or are implementing new electronic payment systems.

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

To implement this recommendation, DIS developed a countywide information security awareness program that includes payment card security awareness program that includes payment card security information. Finance recently required all county staff



involved in receipting electronic payments to take the data security training by the end of January 2011.

This concludes our review and follow up of the E-paymentss processes.

➤ **Department of Emergency Management Audit**

Two recommendations were open at the Department of Emergency Management Audit's last review in November 2009. This follow up evaluation focused only on these open recommendations and was completed in November and December of 2010. At the conclusion of the review on recommendation remained open.

DEM has made significant progress since 2007 in implementing audit recommendations. Of the two remaining recommendations one can be closed. Details regarding each of the recommendations can be found below.

OPEN Recommendations:

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*

DEM completed the first three elements of Recommendation 10 prior to this review. Attached to this memo is a letter from DEM describing their actions related to the hazard-specific and public awareness/education annexes to the CEMP.

The public education and awareness element of Recommendation 10 has been met through DEM's inclusion of sections in each annex that address these issues. DEM notes that they have completed a thorough hazard and vulnerability assessment was completed in 2010 and will be incorporated into the catastrophic incident annex that is currently in progress. This would substantially meet the intent of this audit recommendation. This recommendation can be closed.

Recommendation 12 - Training plans and logs

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



DEM has created several tools to support training needs assessment and documentation including training plans, training request forms, training records forms, and core competency assessments. These documents provide a good foundation for implementing Recommendation 12. Prior to closing this recommendation, DEM should apply the training framework they have developed.

This recommendation cannot be fully closed at this time, however, the work remaining on this recommendation is not significant and further follow up may not be warranted. This will be reviewed one more time to determine that the training framework has been applied to processes.

➤ **Hiring Practices Audit**

The Office of Performance Audit staff met with HR management during 2010 and began the follow up of the recommendations. Follow-up had been delayed until staff was hired in 2009 to address the Audit recommendations .

Because of a challenging budget environment, Snohomish County has been reducing its workforce since the publication of this audit in 2007. During 2008-2010 the county had very little need or opportunity to recruit and select applicants for county employment. Rather, Human Resources has been managing a deep layoff register to fill open positions. The result of this focus is that the recommendations made in 2007 have not been fully implemented. Human Resources has, however, made significant progress strengthening the controls over recruitment and selection. This will leverage implementation of the six recommendations as county recruitment and selection increase in the coming years.

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.

Implementation of this recommendation has not been a priority for Human Resources during 2008-2010.

Next Steps

In order to fully meet the intent of this recommendation, Human Resources should re-evaluate their roles and resources when the county workforce is focused less on reductions and more on recruitment and retention.

Recommendation 2 – Controls

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



Human Resources has made significant progress in implementing processes to help ensure that hiring is completed efficiently, effectively, and consistently but full implementation of this recommendation has been impacted by a shifting environment and priorities.

Risk Mitigation

Risk is reduced through implementation of each recommendation made in this audit; however the original audit suggested several best practices to reduce recruitment and selection risk. The most important of these was that Human Resources should ensure a consistent, fair, defensible, and documented recruitment and hiring process. Designing and implementing a SharePoint site as a central location for hiring resources helps to facilitate a consistent, fair, defensible, and documented process. This site is utilized by recruitment and selection staff across the county and both provides up-to-date information and standardizes processes.

Human Resources is also currently investigating the purchase of an automated recruitment system. They plan to link this system with current county data systems to leverage its impact. If implemented, an automated recruitment system will reduce risk by standardizing processes and enhancing documentation. Although the SharePoint and plans for an automated recruitment system are a strong start, more can be done to reduce recruitment and selection risk.

Procedures

The data available on the SharePoint site has provided systematic and well-communicated guidance to individuals across the county who recruit and select employees. The information contained in the SharePoint site meets the objective of this element of Recommendation 2.

Affirmative Action

The Affirmative Action Plan has been developed by Human Resources and adopted for the years 2010 - 2011. This meets the goals for this element of Recommendation 2.

Recruitment Plan

Human Resources has not yet developed a recruitment plan and program with the components required in Snohomish County Code Chapter 3A should be put in place and communicated to employees. Human Resources reports that they intend to begin work on this plan/program in 2011.

Job Requisition



The job requisition form has been updated and instructions are available for department/office recruitment and selection staff on the SharePoint site. These actions meet the intention of this element of Recommendation 2.

Process Checklist

The SharePoint site provides full guidance for the recruitment and selection process. This meets the objective of this element of Recommendation 2.

Training

Human Resources has provided several training opportunities for recruitment and selection staff across the county. Additional training is planned and Human Resources plans to initiate a process for ensuring sufficient training and maintaining training records in 2011.

File Audits

Since the audit, Human Resources has audited files only in response to issues raised by applicants and/or labor unions. They report that they do not currently have the resources to audit each file. If an automated recruitment system is put in place, this will facilitate future file audits. Problems could be identified and documentation improved using a file audit process.

Data Plan

Human Resources has not yet developed a data collection, analysis, and response plan. Best practices state that data collected and monitored should include at a minimum:

- Length of time each recruitment and selection takes
- Recruitment sourcing and effectiveness
- Impact of diversity initiatives
- Unintended impacts on protected classes in testing
- Quality of new hires

Data should be collected in order to better understand, communicate, and inform the county's hiring practices. Human Resources states that they will take action on this element of Recommendation 2 in 2011.

Hiring Forum

Human Resources has facilitated several meetings of a forum to facilitate information sharing for recruitment and selection staff across the county. They plan to continue



assist this group. Human Resources has met the intent of this element of Recommendation 2.

Next Steps

In order to fully meet the intent of this recommendation, Human Resources should:

1. Formally assess risk and take actions that grow out of the risk assessment process.
2. Develop a Recruitment Plan.
3. Implement and monitor a training plan for recruitment and selection staff in departments and offices.
4. Increase auditing of recruitment and selection files completed by staff in departments and offices.
5. Develop a formal data collection, analysis, and response plan.

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.

In the original audit, most departments and offices noted difficulty finding qualified candidates for specific technical positions, skilled and experienced managers, diverse candidates, and project/temporary positions. Human Resources has provided some informal assistance to departments and offices with difficult-to-fill positions during the follow up period. Human Resources plans to further assist departments and offices as recruitment needs increase.

Next Steps

In order to fully meet the intent of this recommendation, Human Resources should work with departments and offices with difficult-to-fill positions to develop short- and long-term recruiting plans.

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 2007 audit showed that the number of candidates who left Snohomish County within the first year of employment had doubled between 2001-2005 to almost 25%. It is unclear if this turnover is still a concern in 2010. Exit interviews are often used by organizations to better understand their turnover rates as they can assist an



organization in identifying areas where improvements could be made in the working environment, culture, management/leadership and training.

Human Resources has recommended that exit interviews not be documented. Exit interviews are subject to public disclosure. Human Resources reports that there has been an increase in the number of informal exit interviews that are occurring at the department and office level.

Next Steps

In order to fully meet the intent of this recommendation, Human Resources should formally support an exit interview process.

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.

The audit showed that the Snohomish County recruitment and selection process took longer than comparable organizations and was growing. There were several internal process points where efficiencies could improve the time to fill open positions. When positions are open for longer periods of time quality candidates can be lost and organizational productivity can suffer. Because of the focus on reduction of force, there have been too few full recruitment processes to calculate this measure. Utilizing the layoff register has reduced time to fill, but this does not reflect the full recruitment process.

Next Steps

In order to fully meet the intent of this recommendation, Human Resources should begin to assess time-to-fill when there are a sufficient number of full recruitment processes occurring in the county to warrant this calculation.

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.

Human Resources has reviewed and approved the methodology for creating an eligibility register for firefighters at Paine Field. They have not yet developed an eligibility register for other roles. This is likely not needed until the layoff register stops being the primary source for filling open positions.

Next Steps

In order to fully meet the intent of this recommendation, Human Resources should formally explore development of eligibility registers when there are a sufficient



number of full recruitment processes occurring in the county to warrant this calculation.

➤ **Parks Maintenance Audit**

The Office of Performance Audit Staff met with Parks staff to discuss progress and action on the Park Maintenance audit recommendations. Parks has made remarkable progress implementing audit recommendations since 2007 and has completed a significant amount of work. A new Parks Director, Tom Teigen, came on board as the audit was initially being conducted. Parks subsequently implemented audit recommendations and otherwise enhanced practices in park maintenance. Of the four recommendations made in the audit, each have been fully implemented and can be closed. Details regarding each of the recommendations can be found below.

Recommendation 1 - Plan and Organize

<i>Set strategic direction and objectives</i> <i>Collect reliable and accurate data</i>
<i>Address the backlog</i>
<i>Resources needed</i> <i>Develop work programs and budgets</i>

Parks has substantially completed all elements in Recommendation 1. They have developed a strategic plan that guides park maintenance operations. They have developed clear service types and standards which they have applied across their park amenities to guide the level of maintenance activities for each. Parks staff provided several examples showing that the amount and quality of park maintenance data has improved substantially. They have developed an inventory of Snohomish County park amenities and documented the condition of each as recommended. Parks has enhanced their work order system. The number of work orders on the backlog has been reduced from 450 items at the time of the audit to 40 total open work orders. This has been achieved as a result of clear definitions of backlog, systematic management, and focus on ensuring that the most important maintenance work was completed.

Parks has shifted their approach to maintenance equipment ownership and report that making strategic investments in equipment have reduced costs overall. Parks has applied a significantly increased rigor to planning and budgeting that allows them to invest reduced budget dollars much more strategically.

Recommendation 2 - Lead

<i>Retain competent, trained, high performing staff</i>



Effectively communicate
Maintain a culture of quality
Prioritize/Assign Work
Deploy workers
Supervise and give feedback
Protect Assets

Parks has fully implemented Recommendation 2. They utilize skills gap analysis in work assignment and deployment as well as in seasonal and permanent hiring decisions. A restructuring of the park maintenance group has addressed some elements of this recommendation including communications, supervision, and some aspects of accountability in the work group. Parks reports that performance evaluations are conducted annually, touching on staff goals and roles within the organization to ensure that the strategic plan and initiatives are operationalized. The Maintenance Supervisor holds a leadership role in the park maintenance section of the Washington Recreation and Park Association, increasing the sharing of promising park maintenance practices across the industry and providing specific benefit to Parks.

Work orders have been prioritized based on the strategic plan, service level assignments, and risk. The park maintenance staff are assigned work and deployed guided by the work order system. Parks reports that they have realized efficiencies in team approaches and varied work schedules and deployment patterns. Park maintenance staff have focused effort on the inventory and protection of park assets since the audit. They report that an inventory management system including item descriptions, durable markings, secure storage, and regular inventory audits has been put in place.

Recommendation 3 - Assess and Enhance

Measure Performance
Inspect
Reporting Accomplishments

Parks has implemented all elements of Recommendation 3. Park maintenance management and park ranger management collaborate to inspect a sample of parks every two weeks and report that there are systems for responding to problems identified during inspections. The results of these inspections are reported publicly on the SnoStat system. Park maintenance has identified a set of section-level performance measures that flow from their park maintenance strategic plan. Parks provided several examples showing how they effectively utilize data to make decisions. They also have systems in place to report parks outcomes that can be further leveraged as performance measurement becomes routine.

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Contract Planning

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.*

Parks' improved contract planning processes have increased their ability to secure effective, cost-effective contracts for park maintenance services. They have implemented processes to assess potential contractors' maintenance service capacity, they understand maintenance costs at a granular level so can fully estimate the costs of various approaches to providing or contracting for maintenance, and they understand the costs to administer contracts.

Parks' recent contracts are significantly improved over those reviewed during the audit and they report working closely with the prosecuting attorney's office. Contracts are currently more thorough, complete, and appropriate.

➤ **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;

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- 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.