

2022 Audit Plan
&
Audit Approach Memorandum

January 20, 2022 (Revised)



Pursuant to County Code [§2.700.030], the Snohomish County (County) Council directed the Office of the County Performance Auditor to submit the *2022 Audit Plan* for its consideration, and to develop an Audit Approach Memorandum that proposes specific audit approaches to each potential audit topic on the *2022 Audit Plan*. This memorandum is intended to help prioritize the audit projects in the *2022 Audit Plan*, and is organized into three sections:

- A. Proposed 2022 Audit Plan**—Includes 13 potential audit engagements recommended for consideration by the County Council for the in the 2022 audit cycle.
- B. Audit Approach Summaries**—Proposed audit approaches, including objectives, scope, budget, and general audit approach for each audit topic.
- C. Recommendations**—Our recommendation of two audit engagements for 2022.

A. Proposed *2022 Audit Plan*

To identify potential topics identified for inclusion in the *2022 Audit Plan*, the Performance Auditor conducted a countywide risk assessment, reviewed prior audit plans, and solicited input from county officials and the Performance Audit Committee. The following 13 audit topics were selected, in consultation with the Performance Audit Committee, for inclusion in the *2022 Audit Plan*.

- A.1. The Office of Public Defense
- A.2. Court Diversion Programs
- A.3. Countywide Grant Administration Practices
- A.4. Countywide Public Records Practices
- A.5. Countywide Construction Management Practices
- A.6. Department of Human Services’ Grant and Contract Management Practices
- A.7. Countywide Compliance with Procurement and Contracting Requirements
- A.8. Countywide Approach to Performance Measurement and Reporting
- A.9. Countywide Franchise Fee Oversight and Administration
- A.10. Administration and Management of New County Departments and Offices
- A.11. Paine Field Concessions and Leases
- A.12. County’s Facilities Maintenance Program
- A.13. County’s Court System

B. Audit Approach Summaries

The following pages contain proposed scope and objectives, budgets, and general audit approaches for each audit topics listed in the proposed *2022 Audit Plan*.

PROPOSED AUDIT

2022 Propose Audit Engagement

A.1. Performance Audit of the Office of Public Defense

Audit Objective

Determine the efficiency and effectiveness of the Office of Public Defense, including the sufficiency of staffing to support key functions and responsibilities and the adequacy of OPD's oversight of contracted services.

Audit Scope

Existing practices, including a review of activities during Calendar Years 2018-2021.

Audit Approach

- Conduct interviews with management and staff of OPD and the Snohomish County Public Defenders Association to identify keys roles and responsibilities and to gain a high-level understanding of business processes, systems, resource allocation, and workload management.
- Request and review relevant documents, such as strategic plans, mission and goals, financial reports, budget-to-actual reports, workload allocation and monitoring tools, among others.
- Review policies and procedures, laws, codes, rules, and regulations impacting the OPD, and evaluate the methods employed by the office to monitor and ensure compliance with all required performance metrics and thresholds.
- Request and review reports, key performance indicators, and metrics used by OPD and reported to the County Executive Office and County Council to measure and assess the performance of the OPD and its ability to fulfil its mission and objectives.
- Identify any backlogs, quality concerns, overtime usage, or other indicators of potential resource limitations and the impact on OPD's ability to fulfill its responsibilities.
- Review practices to verify established processes are followed, requirements met, and controls working as intended.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$60,000.

PROPOSED AUDIT

2022 Audit Plan Item

A.2. Performance Audit of the County's Court Diversion Programs

Audit Objectives

- To determine efficiency and effectiveness of the structure of the County's Court diversion programs.
- To determine the solvency of the County's Court diversion program funding.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview Court management and key staff and review pertinent background information, applicable state laws, local ordinances, policies, and procedures to identify core responsibilities and functions related to Court diversion programs, including services offered, funding, resources allocated, performance metrics and statistics tracked and reported, and program management.
- Review applicable specific laws, rules and regulations and management best practices related to Court Diversion programs and services.
- Identify the funding sources and related program expenses for Court diversion programs, including staffing and other resources dedicated to each program.
- Assess the solvency of programs offered under current funding model and structure and identify opportunities for improvement, potential gaps, redundancies, and other areas where services may be better coordinated or streamlined to ensure the optimal use of County resources.
 - Including the use of Chemical Dependency Mental Health (CDMH) Sales Tax funds to support Court Diversion programs.
- Obtain and review standard budgetary, financial, and performance reports utilized by Court management to manage and monitor diversion programs activities, as well as those reports made available to the Executive Office, County Council, and the public.
- Identify and analyze the results of key performance indicators and metrics tracked by the County and Court, such as program usage, results/impact of programs offered, etc.
- Assess whether the current structure and oversight and management of Court diversion programs is in-line with peers and industry best practices.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$50,500.

PROPOSED AUDIT

2022 Audit Plan Item

A.3. Performance Audit of the County's Grant Administration Processes

Audit Objectives

- To determine the extent to which the County's grant administration processes are consistent with best practices and optimize revenue for the County.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Identify criteria against which to evaluate grant management (e.g., federal circulars, statutes and regulations, County Code, policies and procedures, best practices, etc.).
- Identify the universe of grants currently administered by the County, the "owners" of the grant administration and oversight.
- Interview staff involved in the grant activities, walk through business processes and record-keeping practices, understand key the roles and responsibilities, and evaluate the interdependencies among County offices and departments in grant management.
- Evaluate methods employed to identify and record direct and indirect costs associated with grant-funded programs.
- Assess the control environment of key grant activities—identify whether activities are appropriately segregated and performed by different personnel throughout each process as well as the controls to ensure the integrity of each step of the processes.
- Select a sample of grants for review—selecting a cross section of grants covering various City operations.
- Assess city-wide grant management activities and identify areas to improve, streamline, standardize processes.
- Identify any opportunities for adopting best practices in grant management and administration.
- Identify ways to increase effective communication and coordination between departments.
- Assess the level of management information available and used to enable adequate levels of oversight over grant revenues.
- Provide recommendations for improving practices in these areas.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$50,000.

PROPOSED AUDIT

2022 Audit Plan Item

- A.4. Review countywide Public Records processes to determine that records management policies reflect best practices and are consistent with state rules and regulations.

Audit Objectives

- To determine whether the County's policies and procedures to administer public records requests ensure compliance with state law and are cost-effective.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Review public records standards and procedures, applicable ordinances and policies, and state law.
- Interview the Public Records Officer and key representatives in each County department and office.
- Review the extent to which County records are readily available on the County's website or other sources designed to reduce the need for staff to address individual requests.
- Identify and walk-through processes for recording and tracking requests, monitoring compliance with state law and local policies, and responding to public records requests.
- Obtain and review workload and performance trends related to public records requests (e.g., number of requests, volume of records provided, format of records provided, turn-around times from request to delivery, number of FTEs involved in responding to public records requests, budgeted resources, and actual costs of responding to requests).
- Assess whether best practices identified by the Washington State Auditor's Office have been implemented throughout the County and whether methods are consistently employed across County departments to ensure compliance with state laws.
- Determine whether the County's policies and procedures to administer public records requests ensure compliance with state law and whether alternatives may be cost-effective.
- Review meeting minutes and recommendations from the County Public Records Act Working Group and assess whether the County has developed a strategic process to implement recommendations and address challenges identified.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$42,500.

PROPOSED AUDIT

2022 Audit Plan Item

A.5. Review of countywide construction management practices.

Audit Objectives

- To determine whether County construction management activities are consistent comply with state and county requirements and promote cost-effective project management, and to identify opportunities for improvement.

Audit Scope

Construction projects started, ended, or managed by County offices, departments, or courts during the three-year period between 2019 and 2021.

Audit Approach

- Through interviews and walk-throughs, assess how the County conducts long-range planning for various capital improvements, including whether it has an effective processes to prioritize projects and identify financing for capital improvements.
- Determine whether the County's organizational structure ensures efficient and effective management of construction projects, including the extent to which such activities are centralized or decentralized among offices, departments, and courts throughout the County.
- Determine whether the County's project management functions (including contract oversight, contract monitoring, and accurate payment of contract invoices) are performed effectively to ensure that projects are completed on time, on budget, and in the most economical way practicable. This includes project strategy, organization, and administration; project financial management, procurement management, project controls and risk management, change order management, and schedule management. Based on a sample of County construction projects, this includes assessing whether:
 - The solicitation and award of contracts comply with County policies.
 - Project contractors comply with service delivery requirements in their contracts.
 - Project contractors submit complete, accurate, and timely claims that comply with contract provisions, and that costs were reasonable for the services provided.
- Through benchmarking efforts and a review of industry standards, identify best practices of other counties and cities that could improve the efficiency and effectiveness of the County's construction management.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$85,000.

PROPOSED AUDIT

2022 Audit Plan Item

- A.6. Performance Audit of Human Services Grant Administration & Outsourced Services Contract Management Practices.

Audit Objectives

- To determine whether the Human Services contract monitoring process effectively supports the achievement of outsourcing objectives.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview Human Services management and key staff and review pertinent background information, applicable state laws, local ordinances, policies, and procedures to identify core responsibilities and functions of programs offered, including contractors hired, contract management practices, and significant activities designed to carry out these functions.
- Interview service providers to gain an understanding of services provided, processes and controls in place, organization structure, staffing, and workload.
- Review written policies and procedures for monitoring and tracking work performed by contractors for outsourced services.
- Assess performance metrics used and how the department measures its effectiveness in meeting the goals and objectives of programs offered.
- Review results of any customer satisfaction or public outreach efforts to assess customer service, public perception, and achievement of outsourcing objectives.
- Select a sample of outsourced service contracts for review.
 - Determine compliance with contract terms and conditions, performance requirements, and reporting.
 - Select a sample of invoices for testing to determine whether amounts invoiced are within contract limits and rates, services charged are allowable, invoices are supported by underlying documentation such as timesheets, and invoices were approved by authorized County personnel prior to payment.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$65,000.

PROPOSED AUDIT

2022 Audit Plan Item

A.7. Performance Audit of the County’s Compliance with Procurement and Contracting Requirements

Audit Objectives

- To determine whether the County’s current practices comply with applicable County code, rules, and regulations.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview County management and key staff and review pertinent background information, applicable state laws, local ordinances, policies, and procedures to identify core responsibilities and functions related to procurement and contracting.
- Review applicable specific laws, rules and regulations and management best practices related to procurement and contracting.
- Map out the “as is” procurement and contracting processes, identifying key stakeholders and departments involved, required reviews and approvals, controls, thresholds for purchases, and systems and tools used.
 - Identify gaps, control weaknesses, and opportunities to improve processes to better ensure compliance with applicable County code, rules, and regulations and enhance the efficiency and effectiveness of County procurement and contracting activities.
- Review the controls over procurement and contracting activities and assess whether industry best practices are in place.
- Perform site visits to observe and document procurement and contracting activities and to determine if established policies and procedures are followed.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$55,000.

PROPOSED AUDIT

2022 Audit Plan Item

- A.8. Performance Audit of the County’s approach to performance measurement and reporting.

Audit Objectives

- To evaluate existing performance measurement systems, the extent to which they effectively measure County efforts, resources, and service to the public.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview office / department management and key staff and review pertinent background information, applicable state laws, local ordinances, policies, and procedures related to performance measurement.
- Identify and existing systems of performance measurement, including those developed through:
 - State statute, departments, or other state authorities.
 - Each County office, department, and court.
 - The County’s Office of Continuous Improvement.
 - Other organizations or systems.
- Conduct benchmarking research to identify best practices in performance measurement, including the use of departmental and/or countywide dashboards.
- Recommend opportunities to improve existing systems of performance measurement and enhance transparency in county operations.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$52,500.

PROPOSED AUDIT

2022 Audit Plan Item

- A.9. Performance Audit of the County’s oversight, administration and management of County franchise fees.

Audit Objectives

- To evaluate the extent to which the County’s franchise fees, and the administration of franchise agreements and requirements, are consistent with best practices and optimize benefits to the County and its residents and business community.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview office / department management and key staff and review pertinent background information, applicable state laws, local ordinances, policies, and procedures to identify core responsibilities and functions related to franchise fees established in County Code or other exclusive or non-exclusive franchise agreements.
- Review applicable specific laws, rules and regulations and management best practices related to franchise agreements.
- Perform site visits and walk-through key business processes associated with the administration and oversight of franchise fees owed to the County.
- Map out the “as is” business processes of the office / department, and evaluate the extent to which key business processes are integrated, formalized, and efficient.
- Evaluate activities employed to track, monitor, and collect amounts owed to the County.
- Evaluate franchise fee rates and the processes employed to update fees and ensure consistency with the market.
- Conduct benchmarking research to identify best practices in franchise fee administration, rates, collections, and validation/audit activities.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$65,000.

PROPOSED AUDIT

2022 Audit Plan Item

- A.10. Performance Audit of one or more newly-developed offices / departments within the county, such as the Department of Conservation & Natural Resources, Office of Recovery & Resilience, Office of Social Justice, etc.

Audit Objectives

- To evaluate the structure, organization, and funding of the offices / departments early in their implementation and to provide recommendations to better ensure their success.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview office / department management and key staff and review pertinent background information, applicable state laws, local ordinances, policies, and procedures to identify core responsibilities and functions related to each office / department.
- Review applicable specific laws, rules and regulations and management best practices related to each office / department.
- Perform site visits and walk-through key business processes.
- Map out the “as is” business processes of the office / department, and evaluate the extent to which key business processes are integrated, formalized, and efficient.
- Assess the overriding mission and purpose of the newly developed office / department, and the interdependencies that exist between the office / department and other county offices, departments, and courts.
- Ascertain the extent to which the offices / departments are established in a manner best suited to achieve success, and whether opportunities for improvement exist.

Preliminary Proposed Budget

Because such a proposed audit is yet to be narrowly defined—i.e., by specific department or office—we propose to designate the budget for such an audit topic as to-be-determined at this point.

PROPOSED AUDIT

2022 Audit Plan Item

A.11. Performance Audit of Paine Field's Concession and Leasing Activities.

Audit Objectives

- To evaluate the Airport's management and oversight of specific enterprise activities, such as concessions, parking, and commercial leases.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview Airport management and key staff and review pertinent background information, applicable state laws, local ordinances, policies and procedures to identify core responsibilities and functions of the Airport.
- Identifying and analyzing the full inventory of the Airports concessions, leases and other fee generating activities.
- Review a sample of the agreements, contracts or leases associated with each of the Airport's revenue generating concession and lease activities to determine if they are being managed and overseen to the benefit of the Airport and County.
- Conducting an analytical review of each type of concession to identify and evaluate instances where anomalies or volatility has occurred.
- Identifying best and leading practices for the management of airport concessions and leases to compare fees, rates and agreement terms and conditions at the Airport against other airports in the region.
- Assessing whether the Airport is in compliance with FAA, State and County laws and directives regarding concessions and leases.
- Determining if the Airport is efficiently and effectively establishing, managing and overseeing concession and lease activities.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$55,000.

PROPOSED AUDIT

2022 Audit Plan Item

A.12. Performance Audit of the County's Facilities Maintenance Program.

Audit Objectives

- To evaluate the effectiveness and efficiency of Department of Fleet & Facilities' operation of the County's facilities maintenance program.

Audit Scope

Existing practices, including a review of activities during the three Fiscal Years 2019-2021.

Audit Approach

- Interview Department management and key staff and review pertinent background information, applicable state laws, local ordinances, policies and procedures to identify core responsibilities and functions of the facilities maintenance program.
- Conduct benchmarking research to identify best practices in facilities maintenance.
- Walk through key business processes, information and work order management systems, preventive maintenance programs, work order systems and programs for reactive maintenance requests, and other efforts designed to meet the facility needs of County departments, offices, and courts.
- Evaluate the Department's allocation of staffing resources to meet workload demands, as well as its use of outsourced service providers and the contracting methods employed.
- Survey departments, offices, and courts to obtain their perspectives regarding the condition of County facilities and the services provided by the facilities maintenance program.
- Obtain and review data demonstrating key inputs (resources) and outputs (completed jobs, condition assessments, etc.), resource utilization, workload trends, and other metrics illustrating program performance.
- Identify opportunities for improvement in the facilities maintenance program.

Preliminary Proposed Budget

We propose to complete this audit engagement with a budget of \$60,000.

PROPOSED AUDIT

2022 Audit Plan Item

A.13. Review of the County's Court system.

Audit Objectives

- Determine whether the Courts have established sound internal controls over cash collections, evidence storage, and other assets.
- Evaluate whether the processes employed by the Courts to record judicial decisions and fee/fine collections ensures accuracy and correct distribution of fee and fine revenue.
- Assess overall efficiency of court operations, case management, scheduling, and administration of key court programs.

Audit Scope

Existing practices, including a review of activities during the five Fiscal Years 2017-2021.

Audit Approach

- Obtain and review local rules of court, as well as relevant statutes, regulations, and rules.
- Based on research and interviews with key personnel, identify the underlying structure of the Superior Court, District Court, and Clerk's Office, and the roles of each in case management.
- Review existing performance metrics produced or utilized by the Courts and Clerk relating to caseload management; this includes widely accepted workload statistics and means of performance measurement.
- Understand the processes employed to manage cases brought before the Courts, including but not limited to creating new cases in the case management system(s), scheduling/calendaring, issuing decisions, and tracking payments/waivers of fees and fines.
- Identify trends in case filings, timelines and trends for each key step, and other related statistical information; obtain workload information from each.
- Evaluate how case-related information is maintained and retained in case management system(s), and the extent to which agencies other than the courts (e.g., Sheriff's Office, Prosecuting Attorney's Office, Office of Public Defense, etc.) have access to or utilize court case management systems.
- Review the processes in place to assign cases to departments and judges at the courts, and review caseload trends.
- Review the processes in place for significant transactions (e.g., monetary, add/release license holds, fee/fine reductions or waivers, voids or adjustments to assessed amounts, etc.). Understand the processes to assess ability to pay, including requirements for approving and administering waivers.

Proposed Budget

We propose to complete this audit engagement with a budget of \$85,000.

C. Recommendations Regarding the Priority of Audit Topics

Based on the Countywide Risk Assessment and input from the Performance Audit Committee, we recommend that the Office of the County Performance Auditor complete two performance audit engagements during the 2022 calendar year. Specifically:

A.1. Performance Audit of the Office of Public Defense

Presented below is a proposed line-item budget for the audit engagements recommended for completion in 2022, as well as the development of the *2023 Audit Plan*. Each is inclusive of all travel and other project expenses.

Project	Proposed Project Budget
Performance Audit of the Office of Public Defense (No. A.1 in the <i>2022 Audit Plan</i>)	\$60,000
<i>2023 Audit Plan</i>	\$4,500
Total	\$64,500

The recommended audit engagement will take between four to six months to complete. We propose to complete the Performance Audit of the Office of Public Defense by April 2022. The development of the *2023 Audit Plan* is currently scheduled to follow in November and December 2022.