



Office of Performance Evaluations Idaho Legislature

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Rakesh Mohan
Director

**Joint Legislative
Oversight Committee**

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October 8, 2010

Matthew R. Temmel, Ph.D.
Performance Audit Coordinator
Pierce County Performance Audits
955 Tacoma Avenue South, Suite 302A
Tacoma, Washington 98402

Dear Dr. Temmel,

We are pleased to inform you that **your office's quality control system is suitably designed and implemented. Your office is in general compliance with the *Government Auditing Standards (July 2007 Revision)***, commonly known as the Yellow Book and promulgated by the Comptroller General of the United States. We reached this conclusion after conducting a peer review of your office during July through September of 2010. We conducted our review against the backdrop of two important facts: (1) the Pierce County Performance Audit Office is a very small office, staffed by only three full-time equivalent positions and (2) this was the first ever peer review of the office since it was established in 1997.

The scope of this peer review was guided by the Pierce County Charter, which was amended in November 2006, and by the subsequent revision of the performance auditing ordinance (Chapter 1.26 of County Code, effective April 26, 2007), which for the first time directed the Performance Audit Coordinator to ensure that audits are planned, conducted, and reported in accordance with the Yellow Book. As part of this peer review, we completed the following tasks:

- Interviewed Pierce County Council Chair Roger Bush and Council Legislative Budget Analyst Paul Bocchi
- Interviewed all seven current members of the Pierce County Performance Audit Committee

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- Interviewed two former members of the Performance Audit Committee: Michael Hondorp and Mark San Souci
- Interviewed officials of agencies that had been audited by the Performance Audit Office
- Reviewed Performance Audit Committee meeting minutes and work programs from January 2007 through April 2010
- Reviewed the Performance Audit Office's policies and procedures, including its quality control/assurance process
- Interviewed the Performance Audit Coordinator and his two audit staff
- Examined final reports and workpapers relating to six of the ten performance audits that the Performance Audit Office completed between 2007 and 2010:
 1. Quality Assurance Review of PSAP Assessment Study: A Performance Audit of the LESA Communications Center, January 2010
 2. Animal Control and Pet Licensing, September 2009
 3. Sheriff Workload and Staffing, May 2009
 4. Update on Court Reporters, March 2009
 5. Workload Analysis of NPDES Stormwater Discharge Permit Issues, October 2008
 6. Felony Case Management in Pierce County Superior Court, October 2007

The peer review team made two site visits to Tacoma on July 20 and 29. We conducted additional work offsite via phone, email, and review of hard copy and electronic Performance Audit Office audit workpapers and other relevant materials.

Based on our review, we make the following recommendations that will enhance the value of the Pierce County Performance Audit Office and improve the operations of the Performance Audit Committee:

1. **Policies and Procedures.** The office should regularly update its policies and procedures manual and keep Performance Audit Committee members informed about the revisions, including those governing the quality control/assurance process. Although the office's current policies and procedures are adequate, they were developed over a three-year period. Many of the policies and procedures were formalized in 2009 and 2010, including those establishing a more formal quality assurance process. We recognize that developing useful policies and procedures takes time and requires periodic revisions.

2. **Continuing Professional Education.** The office should strengthen its continuing education program. The office collectively had the skills and knowledge to conduct its assigned work. Although staff participated in a variety of continuing education training, in some instances, staff did not always meet the 80-hours continuing education requirement.
3. **Operational Framework.** The Council and the Performance Audit Committee, with input from the Performance Audit Coordinator, should consider adopting a set of committee rules approved by action of the County Council. These rules should cover the following key aspects of committee and office operations:
 - a. Procedures for choosing audit topics and developing the audit work programs
 - b. Timeline to obtain technical review and agency comments on draft audit reports
 - c. Timeline to provide audit reports and other meeting materials to committee members in advance of a committee meeting
 - d. Criteria for assigning special studies and non-audit work to the Performance Audit Office
 - e. Formal process for following up on audit recommendations
4. **Code Review.** The County Council should consider code revisions identifying the Performance Audit Office as an independent entity within the legislative branch of county government and specifying its duties. Currently, the office is not mentioned in county code.

We make recommendations #3 and #4 because many of the officials we interviewed indicated concerns with audit work program development, interactions among committee members and between committee members and Performance Audit Office staff, interaction between the office's staff and County agency officials, development of committee meeting agendas, and time needed by auditees to respond to the office's report drafts. In addition, a number of these issues are also reflected in committee meeting minutes.

We believe all of these issues can easily be addressed by developing a set of rules that can be adopted by action of the County Council. The Council and the Performance Audit Committee may wish to consider similar rules from other performance audit offices. For example, in Idaho, the Joint Legislative Oversight Committee and the Office of Performance Evaluations have a set of rules that guide the committee and office operations.

Finally, we were impressed with the amount and variety of work produced by your office. It was a pleasure to work with you and your staff who fully cooperated with us during this peer

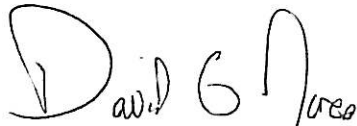
Dr. Temmel
October 8, 2010
Page 4 of 4

review. Please extend our sincere thanks to your Council Chair and staff and the Performance Audit Committee members for their time and valuable input.

Sincerely,



Rakesh Mohan
Peer Review Team Lead
Director, Idaho Legislative Office of Performance Evaluations



David Jones
Peer Review Team Member
City Auditor, City of Seattle



Ron Perry, Ph.D.
Peer Review Team Member
Deputy County Auditor, King County



Pierce County

Performance Audits

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October 7, 2010

Rakesh Mohan, Director
Idaho Office of Performance Evaluations
954 W. Jefferson St.
Boise, ID 83702

Dear Mr. Mohan,

Thank you for sending the peer review draft report. I concur with your four recommendations. The final report will be posted on the performance audit web site and discussed with the Performance Audit Committee on October 21.

It is to be hoped that implementation of the peer review recommendations will help to place the Pierce County performance audit program on a firm basis for the foreseeable future. Please see Attachment 1 for specific comments on each recommendation, including implementation actions.

My staff and I want to take this opportunity to thank you for your hard work, professionalism, and objectivity in leading the peer review. We also appreciate the efforts of your colleagues on the peer review team, David Jones and Ron Perry. Thank you very much.

Sincerely,

A handwritten signature in blue ink that reads "Matthew R. Temmel".

Matthew R. Temmel
Performance Audit Coordinator

cc. David Jones, City Auditor
City of Seattle

Ron Perry, Ph.D., Deputy County Auditor
King County



Attachment 1

Performance Audit Office Response to Peer Review Report

	Recommendation	Response	Implementation Actions
1.	Regularly update the policy and procedures manual and keep the Performance Audit Committee informed about the revisions.	Concur	This process will be started at the next committee meeting.
2.	Strengthen continuing education program.	Concur	We will monitor continuing education hours to make sure that each professional staff member receives the required 80 hours every two years.
3.	Adopt committee rules by action of the County Council on key aspects of committee and audit operations.	Concur	We will start work soon on formulating committee rules. The starting point will be the rules on committee operations and audit operations adopted by your committee, the Idaho Joint Legislative Oversight Committee.
4	Consider code revisions identifying the Performance Audit Office as an independent entity within the legislative branch.	Concur	Work has started on drafting revisions to the current ordinance on performance auditing. I hope the legislation can be introduced and enacted this year.

10.7.2010