

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO: 16-01-12-09

IN THE MATTER OF AMENDING  
LANE MANUAL CHAPTER 3 TO REVISE COUNTY  
PERFORMANCE AUDITOR POSITION AND  
CREATE PERFORMANCE AUDIT COMMITTEE

**WHEREAS**, the Board of Commissioners has the authority to approve amendments to the Lane Manual; and

**WHEREAS**, the Board of Commissioners on August 5, 2014, approved a temporary internal Audit Charter and Temporary Internal Audit Committee to develop recommendations for a permanent Charter, Audit Committee structure, and Lane Manual revisions; and

**WHEREAS**, certain changes to Lane Manual Chapter 3.070 are desired to provide for performance audit best practices, including the position of County Performance Auditor, the authority and scope of audits, establishing a Performance Audit Committee, and requiring an annual audit plan; and

**WHEREAS**, the Temporary Internal Audit Committee has considered this amendment and has recommended the changes.

**NOW, THEREFORE**, the Board of County Commissioners of Lane County hereby **ORDERS** that Lane Manual Chapter 3 be amended by removing, substituting, and adding the following sections:

**REMOVE THESE SECTIONS**

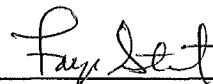
3.070 – 3.074

**INSERT THESE SECTIONS**

3.070 – 3.079

If any section, subsection, sentence, clause, phrase or portion of this Order is for any reason held invalid or unconstitutional by any court or administrative agency of competent jurisdiction, such portion is deemed a separate, distinct, and independent provision, and such holding does not affect the validity of the remaining portions.

ADOPTED this 12th day of January, 2015.



\_\_\_\_\_  
Faye Stewart, Chair  
Lane County Board of Commissioners

APPROVED AS TO FORM

Date 12/29/15

\_\_\_\_\_  
LANE COUNTY OFFICE OF LEGAL COUNSEL

**OFFICE OF PERFORMANCE AUDITOR  
AND PERFORMANCE AUDIT COMMITTEE**

**3.070 Purpose.**

It is the policy of Lane County to maintain a performance audit function as a means of providing the Board of County Commissioners, the County Administrator, and all levels of management with timely analysis and information to assist the county in the control of operations, ongoing improvement efforts, and effective achievement of the county's broad objectives.

This charter establishes the general authority and responsibility of the County Performance Auditor's Office and supersedes any other performance audit policy.

**3.072 Authority and Scope of Audits.**

(1) Authority. The County Performance Auditor's Office consists of the County Performance Auditor and such subordinate employees as the Board of County Commissioners may provide. The County Performance Auditor has neither a management nor a policy role; rather the Auditor provides independent and objective information about Lane County programs and services.

The County Performance Auditor is authorized to conduct performance audits for all departments, offices, activities, and programs under the control of the County, including operational, compliance, and information systems. Additionally, the County Performance Auditor is authorized to perform special reviews and investigate allegations of misuse of County assets or resources.

(2) Access to Employees, Records and Property. Subject to state and federal confidentiality laws and regulations, all officers and employees of Lane County shall furnish to the County Performance Auditor full, free, and unrestricted access to employees, information and records (including electronic/computerized data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the County Performance Auditor to inspect all property, equipment and facilities within their custody. A discussion of appropriate access should occur with County Counsel if access to documents is restricted by applicable law.

If such officers, employees or contractors fail to produce the aforementioned access and/or information, the County Performance Auditor may initiate a search for and obtain copies (physical or electronic) from computerized systems, book, paper or record of any such official or employee, or outside contractor or subcontractor, in accordance with state law or the applicable contract.

The County Performance Auditor is authorized to audit all county contracts and subcontracts under applicable provisions of the Lane Manual, Oregon public contracting law and federal contracting law regarding record retention and availability for the purpose of auditing contract performance.

Subject to public records laws, the County Performance Auditor shall not publicly disclose any information received during an audit that is considered confidential by any local, state or federal law or regulation. The County Performance Auditor shall maintain the confidential status of information and records furnished by County officers and employees.

(3) Duties and Scope of Audits. The County Performance Auditor's Office will adhere to recognized government auditing standards in conducting its work and will be considered independent as defined by those standards. The County Performance Auditor

shall establish and maintain a system of quality control that is designed to provide the performance audit function with reasonable assurance that the function and its personnel comply with those standards and applicable legal and regulatory requirements. A system of quality control would include performance auditing policies and procedures to assure that audit work is completed in accordance with those standards. Any audit work that is undertaken not in compliance with standards must be disclosed in the County Performance Auditor's report.

The County Performance Auditor will strive to assure maximum coordination between the auditor's function and the audit needs of the county, including the Board of County Commissioners and the County Administrator.

The County Performance Auditor has authority to conduct performance audits of all departments, offices, boards, activities, agencies, and programs of the County in order to independently and objectively determine whether:

(a) Activities and programs being implemented have been authorized by County Charter or Code, adopted policy, state law or applicable federal law or regulations;

(b) Activities and programs are being conducted as prescribed by the Board of County Commissioners to accomplish the objectives intended by County Charter or Code, state law or applicable federal law or regulations;

(c) Activities or programs efficiently and effectively serve the purpose intended by County charter or Code, state law or applicable federal law or regulations, and the desired results or benefits are being achieved;

(d) Activities and programs are being conducted and funds expended in compliance with applicable laws and/or regulations;

(e) Revenues are being properly collected, deposited and accounted for;

(f) Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in an effective and efficient manner;

(g) There are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; and

(h) There are indications of fraud, abuse or illegal acts, which need further investigation.

(4) **Limitation of Authority and Responsibility.** In performing their functions, the County Performance Auditor and audit staff have neither direct authority over, nor responsibility for, any of the activities reviewed. The office will not develop and install procedures, prepare records, make management decisions, or engage in any other activity that could be reasonably construed to compromise their independence.

(5) **Independence.** The County Performance Auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Auditor and audit staff will make a balanced assessment of all relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The County Performance Auditor will consider three general classes of impairments to independence – personal, external, and organizational. If one or more of these impairments affects the County Performance Auditor's capability to perform the work and report results impartially, the County Performance Auditor should either decline to perform the work, or in those situations because of a legislative requirement or for other reasons, cannot decline to perform the work, should disclose the impairment in the auditor's report.

The County Performance Auditor will confirm to the Performance Audit Committee and the Board, at least annually, the organizational independence of the internal performance audit function.

### **3.073 County Performance Auditor**

(1) Appointment or dismissal of County Performance Auditor. The County Performance Auditor is appointed by or dismissed by the Board of County Commissioners after reviewing a recommendation from the Performance Audit Committee.

(2) Qualifications of County Performance Auditor. Unless the Board determines otherwise, the County Performance Auditor must have a bachelor's degree in public policy, public administration, accounting, business administration, economics or a related field and five years of progressively responsible related experience, including supervisory experience; or an equivalent combination of education and experience sufficient to successfully perform the essential duties of the job. The County Performance Auditor must possess adequate professional proficiency to perform the job. Proficiency may be demonstrated by relevant certifications, such as Certified Internal Auditor (CIA) or Certified Public Accountant (CPA), or have completed an advanced degree and have at least five (5) years' experience in government auditing, evaluation, or analysis.

(3) Compensation of County Performance Auditor. Subject to its other budgeting priorities, the Board will compensate the County Performance Auditor at a level consistent with market comparables for other public sector chief audit executives. Experience, performance, certifications, and advanced degrees may be taken into account in determining compensation. The County Performance Auditor's salary is set by the Board of County Commissioners and reviewed consistent with other non-represented positions.

### **3.076 Funding and Staffing.**

In consultation with the Performance Audit Committee, the County Performance Auditor will develop a proposed budget that is sufficient to carry out the responsibilities specified in this section.

Consistent with County policy and procedures, the County Performance Auditor may appoint, employ, and remove such assistants, employees, and personnel under the authority of the auditor as deemed necessary for the efficient and effective administration of the affairs of the office and to prescribe their duties, scope of authority, and qualifications.

### **3.077 Performance Audit Committee**

(1) Authority. To ensure independence of the performance audit function, an audit committee is created to advise the Board of County Commissioners on significant audit matters including:

(a) The selection, compensation, or dismissal of the County Performance Auditor;

(b) Increases and decreases to the requested budget for the County Performance Auditor's Office; and

(c) Auditing principles and guidelines of established generally accepted government auditing standards and ensuring the performance audit program performs its function.

(2) Composition. The audit committee consists of five voting members, two County Commissioners and three at-large members, appointed by the Board of County Commissioners, and five ex-officio non-voting members.

The three at-large members must be residents of the county, not employed by or under contract with the county, and collectively possess sufficient knowledge in performance auditing and public management practices. Qualifications to be considered should include experience as a performance auditor, a Certified Public Accountant, Certified Internal Auditor, public manager, or other relevant professional experience. The method of selecting candidates to fill the at-large positions is determined by the Board of Commissioners.

Of the three at-large members, one member will be appointed for a term expiring on January 31, 2017; one member will be appointed for a term expiring on January 31 of the following year; and one member will be appointed for a term expiring on January 31 of the subsequent year. Thereafter, members will be appointed to three-year terms. The three at-large members are limited to two full consecutive terms, with one year intervening before they become eligible for reappointment. If a vacancy occurs on the committee, the Board may, as soon as practicable, appoint a person to serve the unexpired portion of the former member's term.

The five ex-officio non-voting members of the committee consist of one county-wide elected official (sheriff or assessor) or designee, and the county administrator or designee. The county administrator may appoint three additional members from within the county.

The committee will select a chair of the committee by a majority vote to serve a one-year term and may be selected for additional terms. The chair will preside over meetings, as well as provide input on topics for the agenda.

(3) Meetings. The audit committee will meet at least quarterly and additionally as the committee deems necessary to perform its duties. A majority of the voting members constitutes a quorum. Vacant positions are not considered in determining whether a quorum exists. The audit committee will maintain minutes in accordance with the Oregon Public Meeting Law. The committee may request certain county management staff to attend meetings to address reports being discussed. Auditee departments will be invited to meetings where their performance audit report is discussed. The County Performance Auditor shall facilitate and coordinate such meetings, as well as provide ancillary support to the committee, as time permits.

(4) Responsibilities. The audit committee shall advise the Board of County Commissioners on the selection or dismissal of the County Performance Auditor.

The audit committee is responsible for ensuring the performance audit program performs its function. The committee shall:

(a) Review the County Performance Auditor's audit plan annually and provide suggestions and comments for the annual audit plan;

(b) Perform regular annual evaluations of the County Performance Auditor and reporting results to the Board of County Commissioners;

(c) Ensure that audit reports are transmitted to the Board of County Commissioners and to the public;

(d) Monitor follow-up on reported findings;

(e) Maintain the confidentiality of personnel matters while taking responsibility for appropriate disclosure to the Board of County Commissioners or to the public;

(f) Ensure that a system of quality control is established, maintained, and designed to provide the performance audit function with reasonable assurance that the function and its personnel comply with professional standards and applicable legal and regulatory requirements.

(g) Review the fieldwork plans for each audit, and provide suggestions and comments on each fieldwork plan;

- (h) Evaluate the findings and recommendations of the quality assurance review as required by recognized government auditing standards;
- (i) Review and provide suggestions and comments on the County Performance Auditor's program goals;
- (j) Review the County Performance Auditor's Office annual statement of independence;
- (k) Ensure maximum coordination between work of the County Performance Auditor's Office and contracted audit efforts.
- (l) Review the County Performance Auditor's compensation and staffing annually; and
- (m) Review the County Performance Auditor's Office budget annually.

The audit committee shall make appropriate recommendations concerning the performance audit function to the Board pursuant to the above responsibilities and shall report to the Board on problems or problem areas at such times as deemed appropriate.

### **3.078 Reports and Procedures**

(1) **Annual Audit Plan.** Prior to the beginning of each calendar year, the County Performance Auditor shall submit a two year audit plan to the Performance Audit Committee and the Board for review and comment, and potential approval by the Board. The audit plan must include the proposed departments, offices, boards, activities, subcontractors and agencies to be audited during the period. This plan may be amended during the year after review with the Board and Performance Audit Committee. This audit plan should incorporate information from multiple sources including the County Performance Auditor's assessment of significant risks to the organization and input from Management, the Performance Audit Committee, and the Board of County Commissioners.

In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the County Performance Auditor should consult with external auditors so that the desirable audit coverage is provided and audit effort is properly coordinated.

#### **(2) Audit Reporting and Records**

The County Performance Auditor will complete each audit in a written report. The report must contain relevant background information, findings, and recommendations, and must communicate results to the Performance Audit Committee, the Board, and management. The County Performance Auditor will make the report available to the Lane County Budget Committee members. On request the County Performance Auditor will present to the Lane County Budget Committee either verbally or in writing, at the Committees' discretion.

Subject to applicable public records laws, the County Performance Auditor will make the report available for public examination. If certain pertinent information is prohibited from general disclosure, the audit report should state the nature of the information omitted and the requirement that makes the omission necessary.

The County Performance Auditor will forward a final draft of the audit report to the Director of the audited department and the County Administrator for review and comment prior to its release. The audited department must respond in writing, specifying:

- (a) agreement with audit findings and recommendations or reasons for disagreement with findings or recommendations;
- (b) plans for implementing solutions to issues identified; and
- (c) a timetable to complete such activities.

The response must be forwarded to the County Performance Auditor within ten (10) business days. If no response is received, the County Performance Auditor will note that fact in the report.

The County Performance Auditor will follow-up on audit recommendations, as practical, to determine if management is implementing corrective action as identified in their response to the audit report findings and recommendations. The County Performance Auditor may request periodic status reports from audited agencies regarding actions taken to address reported deficiencies and audit recommendations. The County Performance Auditor shall periodically report to the Performance Audit Committee and Board of County Commissioners on the work performed and any significant findings that have not been fully addressed by management.

Under public records law, until the County Performance Auditor's Office issues a final audit report or the audit is abandoned, any document or other information related to an audit being performance in accordance with nationally recognized government auditing standards and that is in the custody of the County Performance Auditor's Office is conditionally exempt from disclosure (ORS 192.501).

The County Performance Auditor should follow state archive guidelines as appropriate and as identified under OAR 166-150-0005 (currently a retention schedule of 10 years).

(3) Report of Irregularities. If the Auditor becomes aware of apparent violations of law or apparent instances of malfeasance or nonfeasance by an officer or employee, or information that indicates derelictions may be reasonably anticipated, the Auditor shall report the irregularities to the Board of County Commissioners and the County Administrator in a manner that preserves confidentiality as necessary. The Auditor shall advise the Performance Audit Committee that irregularities exist and a general description of those irregularities while maintaining confidentiality. If the irregularity is potentially criminal in nature, the Auditor shall notify the district attorney, when appropriate, in addition to those previously cited.

(4) Contract Audits, Consultants and Experts. The County Performance Auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform auditor duties. An audit that is performed by contract must be conducted by persons who are independent of the governmental unit and its officers. The County Performance Auditor will coordinate and monitor auditing performed by public accounting, professional experts, or other organizations employed under contract by Lane County.

### **3.079 Quality Assurance Reviews.**

The audit activities of the County Performance Auditor's office are subject to quality review in accordance with applicable government auditing standards by a professional, non-partisan objective person or group utilizing guidelines endorsed by the Association of Local Government Auditors (ALGA). The County Performance Auditor will initiate the quality review process and ensure that a copy of the written report of this independent review is provided to the Performance Audit Committee, the Board of County Commissioners, the County Administrator, and be made available to the public.

The quality control review must use applicable government auditing standards to evaluate the quality of the audit effort and reporting, and determine compliance with the applicable government auditing standards. Specific quality review areas must include:

- (1) General standards such as competence, professional judgment, and quality assurance;
- (2) Fieldwork standards such as planning, supervision, and evidence; and

(3) Reporting standards such as report content, timeliness and distribution. The costs of the quality control review will be provided for in the County Performance Auditor's budget. Within available time constraints, the County Performance Auditor's Office may reciprocate with other organizations by participating in quality control teams.





**OFFICE OF PERFORMANCE AUDITOR  
AND PERFORMANCE AUDIT COMMITTEE**

**3.070 Purpose.**

It is the policy of Lane County to maintain a performance audit function as a means of providing the Board of County Commissioners, the County Administrator, and all levels of management with timely analysis and information to assist the county in the control of operations, ongoing improvement efforts, and effective achievement of the county's broad objectives.

This charter establishes the general authority and responsibility of the County Performance Auditor's Office and supersedes any other performance audit policy.

**3.072 Authority and Scope of Audits.**

(1) **Authority.** The County Performance Auditor's Office consists of the County Performance Auditor and such subordinate employees as the Board of County Commissioners may provide. The County Performance Auditor has neither a management nor a policy role; rather the Auditor provides independent and objective information about Lane County programs and services.

The County Performance Auditor is authorized to conduct performance audits for all departments, offices, activities, and programs under the control of the County, including operational, compliance, and information systems. Additionally, the County Performance Auditor is authorized to perform special reviews and investigate allegations of misuse of County assets or resources.

(2) **Access to Employees, Records and Property.** Subject to state and federal confidentiality laws and regulations, all officers and employees of Lane County shall furnish to the County Performance Auditor full, free, and unrestricted access to employees, information and records (including electronic/computerized data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the County Performance Auditor to inspect all property, equipment and facilities within their custody. A discussion of appropriate access should occur with County Counsel if access to documents is restricted by applicable law.

If such officers, employees or contractors fail to produce the aforementioned access and/or information, the County Performance Auditor may initiate a search for and obtain copies (physical or electronic) from computerized systems, book, paper or record of any such official or employee, or outside contractor or subcontractor, in accordance with state law or the applicable contract.

The County Performance Auditor is authorized to audit all county contracts and subcontracts under applicable provisions of the Lane Manual, Oregon public contracting law and federal contracting law regarding record retention and availability for the purpose of auditing contract performance.

Subject to public records laws, the County Performance Auditor shall not publicly disclose any information received during an audit that is considered confidential by any local, state or federal law or regulation. The County

**Performance Auditor shall maintain the confidential status of information and records furnished by County officers and employees.**

**(3) Duties and Scope of Audits. The County Performance Auditor's Office will adhere to recognized government auditing standards in conducting its work and will be considered independent as defined by those standards. The County Performance Auditor shall establish and maintain a system of quality control that is designed to provide the performance audit function with reasonable assurance that the function and its personnel comply with those standards and applicable legal and regulatory requirements. A system of quality control would include performance auditing policies and procedures to assure that audit work is completed in accordance with those standards. Any audit work that is undertaken not in compliance with standards must be disclosed in the County Performance Auditor's report.**

**The County Performance Auditor will strive to assure maximum coordination between the auditor's function and the audit needs of the county, including the Board of County Commissioners and the County Administrator.**

**The County Performance Auditor has authority to conduct performance audits of all departments, offices, boards, activities, agencies, and programs of the County in order to independently and objectively determine whether:**

**(a) Activities and programs being implemented have been authorized by County Charter or Code, adopted policy, state law or applicable federal law or regulations;**

**(b) Activities and programs are being conducted as prescribed by the Board of County Commissioners to accomplish the objectives intended by County Charter or Code, state law or applicable federal law or regulations;**

**(c) Activities or programs efficiently and effectively serve the purpose intended by County charter or Code, state law or applicable federal law or regulations, and the desired results or benefits are being achieved;**

**(d) Activities and programs are being conducted and funds expended in compliance with applicable laws and/or regulations;**

**(e) Revenues are being properly collected, deposited and accounted for;**

**(f) Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in an effective and efficient manner;**

**(g) There are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; and**

**(h) There are indications of fraud, abuse or illegal acts, which need further investigation.**

**(4) Limitation of Authority and Responsibility. In performing their functions, the County Performance Auditor and audit staff have neither direct authority over, nor responsibility for, any of the activities reviewed. The office will not develop and install procedures, prepare records, make management decisions, or engage in any other activity that could be reasonably construed to compromise their independence.**

**(5) Independence. The County Performance Auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating**

**information about the activity or process being examined. The Auditor and audit staff will make a balanced assessment of all relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.**

**The County Performance Auditor will consider three general classes of impairments to independence – personal, external, and organizational. If one or more of these impairments affects the County Performance Auditor's capability to perform the work and report results impartially, the County Performance Auditor should either decline to perform the work, or in those situations because of a legislative requirement or for other reasons, cannot decline to perform the work, should disclose the impairment in the auditor's report.**

**The County Performance Auditor will confirm to the Performance Audit Committee and the Board, at least annually, the organizational independence of the internal performance audit function.**

### **3.073 County Performance Auditor**

**(1) Appointment or dismissal of County Performance Auditor. The County Performance Auditor is appointed by or dismissed by the Board of County Commissioners after reviewing a recommendation from the Performance Audit Committee.**

**(2) Qualifications of County Performance Auditor. Unless the Board determines otherwise, the County Performance Auditor must have a bachelor's degree in public policy, public administration, accounting, business administration, economics or a related field and five years of progressively responsible related experience, including supervisory experience; or an equivalent combination of education and experience sufficient to successfully perform the essential duties of the job. The County Performance Auditor must possess adequate professional proficiency to perform the job. Proficiency may be demonstrated by relevant certifications, such as Certified Internal Auditor (CIA) or Certified Public Accountant (CPA), or have completed an advanced degree and have at least five (5) years' experience in government auditing, evaluation, or analysis.**

**(3) Compensation of County Performance Auditor. Subject to its other budgeting priorities, the Board will compensate the County Performance Auditor at a level consistent with market comparables for other public sector chief audit executives. Experience, performance, certifications, and advanced degrees may be taken into account in determining compensation. The County Performance Auditor's salary is set by the Board of County Commissioners and reviewed consistent with other non-represented positions.**

### **3.076 Funding and Staffing.**

**In consultation with the Performance Audit Committee, the County Performance Auditor will develop a proposed budget that is sufficient to carry out the responsibilities specified in this section.**

**Consistent with County policy and procedures, the County Performance Auditor may appoint, employ, and remove such assistants, employees, and personnel under the authority of the auditor as deemed necessary for the efficient and effective administration of the affairs of the office and to prescribe their duties, scope of authority, and qualifications.**

**3.077 Performance Audit Committee**

**(1) Authority. To ensure independence of the performance audit function, an audit committee is created to advise the Board of County Commissioners on significant audit matters including:**

**(a) The selection, compensation, or dismissal of the County Performance Auditor;**

**(b) Increases and decreases to the requested budget for the County Performance Auditor's Office; and**

**(c) Auditing principles and guidelines of established generally accepted government auditing standards and ensuring the performance audit program performs its function.**

**(2) Composition. The audit committee consists of five voting members, two County Commissioners and three at-large members, appointed by the Board of County Commissioners, and five ex-officio non-voting members.**

**The three at-large members must be residents of the county, not employed by or under contract with the county, and collectively possess sufficient knowledge in performance auditing and public management practices. Qualifications to be considered should include experience as a performance auditor, a Certified Public Accountant, Certified Internal Auditor, public manager, or other relevant professional experience. The method of selecting candidates to fill the at-large positions is determined by the Board of Commissioners.**

**Of the three at-large members, one member will be appointed for a term expiring on January 31, 2017; one member will be appointed for a term expiring on January 31 of the following year; and one member will be appointed for a term expiring on January 31 of the subsequent year. Thereafter, members will be appointed to three-year terms. The three at-large members are limited to two full consecutive terms, with one year intervening before they become eligible for reappointment. If a vacancy occurs on the committee, the Board may, as soon as practicable, appoint a person to serve the unexpired portion of the former member's term.**

**The five ex-officio non-voting members of the committee consist of one county-wide elected official (sheriff or assessor) or designee, and the county administrator or designee. The county administrator may appoint three additional members from within the county.**

**The committee will select a chair of the committee by a majority vote to serve a one-year term and may be selected for additional terms. The chair will preside over meetings, as well as provide input on topics for the agenda.**

**(3) Meetings. The audit committee will meet at least quarterly and additionally as the committee deems necessary to perform its duties. A majority of the voting members constitutes a quorum. Vacant positions are not considered in determining whether a quorum exists. The audit committee will maintain minutes in accordance with the Oregon Public Meeting Law. The committee may request certain county management staff to attend meetings to address reports being discussed. Auditee departments will be invited to meetings where their performance audit report is discussed. The County Performance Auditor shall facilitate and coordinate such meetings, as well as provide ancillary support to the committee, as time permits.**

**(4) Responsibilities.** The audit committee shall advise the Board of County Commissioners on the selection or dismissal of the County Performance Auditor.

The audit committee is responsible for ensuring the performance audit program performs its function. The committee shall:

(a) Review the County Performance Auditor's audit plan annually and provide suggestions and comments for the annual audit plan;

(b) Perform regular annual evaluations of the County Performance Auditor and reporting results to the Board of County Commissioners;

(c) Ensure that audit reports are transmitted to the Board of County Commissioners and to the public;

(d) Monitor follow-up on reported findings;

(e) Maintain the confidentiality of personnel matters while taking responsibility for appropriate disclosure to the Board of County Commissioners or to the public;

(f) Ensure that a system of quality control is established, maintained, and designed to provide the performance audit function with reasonable assurance that the function and its personnel comply with professional standards and applicable legal and regulatory requirements.

(g) Review the fieldwork plans for each audit, and provide suggestions and comments on each fieldwork plan;

(h) Evaluate the findings and recommendations of the quality assurance review as required by recognized government auditing standards;

(i) Review and provide suggestions and comments on the County Performance Auditor's program goals;

(j) Review the County Performance Auditor's Office annual statement of independence;

(k) Ensure maximum coordination between work of the County Performance Auditor's Office and contracted audit efforts.

(l) Review the County Performance Auditor's compensation and staffing annually; and

(m) Review the County Performance Auditor's Office budget annually.

The audit committee shall make appropriate recommendations concerning the performance audit function to the Board pursuant to the above responsibilities and shall report to the Board on problems or problem areas at such times as deemed appropriate.

### **3.078 Reports and Procedures**

(1) **Annual Audit Plan.** Prior to the beginning of each calendar year, the County Performance Auditor shall submit a two year audit plan to the Performance Audit Committee and the Board for review and comment, and potential approval by the Board. The audit plan must include the proposed departments, offices, boards, activities, subcontractors and agencies to be audited during the period. This plan may be amended during the year after review with the Board and Performance Audit Committee.

This audit plan should incorporate information from multiple sources including the County Performance Auditor's assessment of significant risks to the organization

**and input from Management, the Performance Audit Committee, and the Board of County Commissioners.**

**In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the County Performance Auditor should consult with external auditors so that the desirable audit coverage is provided and audit effort is properly coordinated.**

**(2) Audit Reporting and Records**

**The County Performance Auditor will complete each audit in a written report. The report must contain relevant background information, findings, and recommendations, and must communicate results to the Performance Audit Committee, the Board, and management. The County Performance Auditor will make the report available to the Lane County Budget Committee members. On request the County Performance Auditor will present to the Lane County Budget Committee either verbally or in writing, at the Committees' discretion.**

**Subject to applicable public records laws, the County Performance Auditor will make the report available for public examination. If certain pertinent information is prohibited from general disclosure, the audit report should state the nature of the information omitted and the requirement that makes the omission necessary.**

**The County Performance Auditor will forward a final draft of the audit report to the Director of the audited department and the County Administrator for review and comment prior to its release. The audited department must respond in writing, specifying:**

- (a) agreement with audit findings and recommendations or reasons for disagreement with findings or recommendations;**
- (b) plans for implementing solutions to issues identified; and**
- (c) a timetable to complete such activities.**

**The response must be forwarded to the County Performance Auditor within ten (10) business days. If no response is received, the County Performance Auditor will note that fact in the report.**

**The County Performance Auditor will follow-up on audit recommendations, as practical, to determine if management is implementing corrective action as identified in their response to the audit report findings and recommendations. The County Performance Auditor may request periodic status reports from audited agencies regarding actions taken to address reported deficiencies and audit recommendations. The County Performance Auditor shall periodically report to the Performance Audit Committee and Board of County Commissioners on the work performed and any significant findings that have not been fully addressed by management.**

**Under public records law, until the County Performance Auditor's Office issues a final audit report or the audit is abandoned, any document or other information related to an audit being performance in accordance with nationally recognized government auditing standards and that is in the custody of the County Performance Auditor's Office is conditionally exempt from disclosure (ORS 192.501).**

**The County Performance Auditor should follow state archive guidelines as appropriate and as identified under OAR 166-150-0005 (currently a retention schedule of 10 years).**

**(3) Report of Irregularities.** If the Auditor becomes aware of apparent violations of law or apparent instances of malfeasance or nonfeasance by an officer or employee, or information that indicates derelictions may be reasonably anticipated, the Auditor shall report the irregularities to the Board of County Commissioners and the County Administrator in a manner that preserves confidentiality as necessary. The Auditor shall advise the Performance Audit Committee that irregularities exist and a general description of those irregularities while maintaining confidentiality. If the irregularity is potentially criminal in nature, the Auditor shall notify the district attorney, when appropriate, in addition to those previously cited.

**(4) Contract Audits, Consultants and Experts.** The County Performance Auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform auditor duties. An audit that is performed by contract must be conducted by persons who are independent of the governmental unit and its officers. The County Performance Auditor will coordinate and monitor auditing performed by public accounting, professional experts, or other organizations employed under contract by Lane County.

#### **3.079 Quality Assurance Reviews.**

The audit activities of the County Performance Auditor's office are subject to quality review in accordance with applicable government auditing standards by a professional, non-partisan objective person or group utilizing guidelines endorsed by the Association of Local Government Auditors (ALGA). The County Performance Auditor will initiate the quality review process and ensure that a copy of the written report of this independent review is provided to the Performance Audit Committee, the Board of County Commissioners, the County Administrator, and be made available to the public.

The quality control review must use applicable government auditing standards to evaluate the quality of the audit effort and reporting, and determine compliance with the applicable government auditing standards. Specific quality review areas must include:

- (1) General standards such as competence, professional judgment, and quality assurance;**
- (2) Fieldwork standards such as planning, supervision, and evidence; and**
- (3) Reporting standards such as report content, timeliness and distribution.**

The costs of the quality control review will be provided for in the County Performance Auditor's budget. Within available time constraints, the County Performance Auditor's Office may reciprocate with other organizations by participating in quality control teams.

#### **~~3.070 Definitions.~~**

~~As used in this subchapter:~~

~~"Performance auditing" is a systematic process of objectively obtaining and evaluating evidence regarding the performance of an organization, program, function or activity. Evaluation is made in terms of its economy and efficiency of operations, effectiveness in achieving desired results and compliance with relevant policies, laws and regulations, for the purpose of ascertaining the degree of correspondence between~~



~~performance and established criteria and communicating the results to interested users.  
(Revised by Order No. 86-1-29-4, Effective 1-29-86)~~

~~**3.072 Performance Auditor.**~~

~~————(1)—— The Performance Auditor shall be appointed by the Board of County Commissioners and shall hold office at its pleasure with input from the County Administrator.~~

~~————(2)—— The Board will approve, with input from the County Administrator, the Work Plan for the Performance Auditor.~~

~~————(3)—— Supervision. Routine administrative and personnel functions shall be handled by the County Administrator. Discipline, requests for leave of absence or other extraordinary personnel actions shall be handled by the Board with input from the County Administrator.~~

~~————(4)—— Evaluation. The Board will complete the performance evaluation with input from the County Administrator. The County Administrator shall have the authority to grant annual merit salary adjustments with input from the Board.~~

~~————(5) Clerical and support staff shall be provided by the Office of County Administration, in accordance with the approved Work Plan. (Revised by Order No. 86-1-29-4, Effective 1-29-86)~~

~~**3.074 Functions.**~~

~~The function of the Performance Auditor is to serve as auditor for County government and shall include, but not be limited to, the following specific functions as is consistent with budget limitations:~~

~~————(1)—— The auditor shall be responsible for conducting performance audits of all departments, offices activities and agencies of the County to independently determine whether:~~

~~————(a)—— Activities and programs being implemented have been authorized by the Board, state, federal, County or local law or regulation.~~

~~————(b)—— Activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by the Board, state, federal, County or local law or regulation.~~

~~————(c)—— The implementing agency has determined that the activities or programs effectively serve the purpose intended by the Board, state, federal, County or local law or regulation.~~

~~————(d)—— The departmental program goals and objectives are prepared, implemented and evaluated for compliance.~~

~~————(e)—— Activities and programs are being conducted and funds expended in compliance with applicable laws.~~

~~————(f)—— Adequate operating and administrative procedures and practices, systems of accounting, internal control and audit and other systems or internal management control have been established to economically and efficiently accomplish the objectives.~~

~~————(2)—— At the beginning of each fiscal year, the auditor shall submit an annual Work Plan to the Board for review and comment. The Plan shall include the departments, offices, activities and agencies scheduled for performance audit for the year. This Plan may be amended during the year after review with the Board with input from the County Administrator.~~

~~—— (3) — The County Administrator may request the performance auditor to perform special audits that are not included in the annual Work Plan. Upon approval of the Board, a special audit requested by the County Administrator becomes an amendment to the annual Work Plan. The auditor shall submit the report of the special audit to the County Administrator and shall notify the Board of its completion.~~

~~—— (4) — In the selection of audit areas, the determination of audit scope and the timing of audit work, the auditor may consult with federal and state auditors and independent auditors so that desirable audit coverage is provided and audit effort may be properly coordinated.~~

~~—— (5) — If the auditor discovers apparent violations of law or apparent instances of misfeasance or nonfeasance by an officer or employee or information that indicates derelictions of this nature may be reasonably anticipated, he or she shall immediately report the irregularities in writing to the Board or, in the case of a special audit, to the County Administrator.~~

~~—— (6) — Audit Reports to the Board:~~

~~—— (a) — The auditor shall submit each audit report, except special audits, to the Board and shall retain a copy in his or her office as a permanent record.~~

~~—— (b) — If appropriate, the audit report shall contain the professional opinion of the auditor or the contract auditor concerning the financial statements issued by the department or agency, or, if an opinion cannot be expressed, then a declaration that an opinion cannot be expressed with an explanation.~~

~~—— (c) — The auditor shall include in the audit reports, at a minimum:~~

~~—— (i) — A precise statement of the scope encompassed by the audit.~~

~~—— (ii) — A statement of the material audit findings, including a statement of the underlying cause, evaluative criteria used and the current and prospective significance of the findings.~~

~~—— (iii) — A statement of explanation or rebuttal submitted by a department or agency relevant to the audit findings.~~

~~—— (iv) — A concise statement of the corrective actions previously taken or contemplated as a result of the audit findings.~~

~~—— (v) — Recommendations for additional necessary or desirable action.~~

~~—— (7) — The auditor shall retain for at least three years a complete file of each audit report and each report of other examinations, investigations, surveys and reviews made under his or her authority. The file should include audit work papers and other supportive material directly pertaining to the report.~~

~~—— (8) — All officers and employees shall furnish to the auditor information and records within their custody regarding powers, duties, activities, organization, property, financial transactions and methods of business that the auditor requires to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the auditor to inspect all property, equipment and facilities within their custody. If such officers or employees fail to produce the aforementioned information, then the auditor, subject to legislative authority approval, may cause a search to be made and exhibits to be taken from any book, paper or record of any such official or employee, excepting personal information, without fee and every office having the custody of such records shall make a search and forward such exhibits as heretofore requested.~~

~~—— (9) — Upon approval of the Board, the auditor may obtain the services of certified or registered public accountants, certified or registered in the state; qualified management consultants or other professional experts necessary to perform the auditor's duties. An~~

At left margin indicates changes  
**Bold** indicates material being added  
~~Strike through~~ indicates material being deleted

**LEGISLATIVE  
FORMAT**

3.074

Lane Manual

3.074

~~audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the governmental unit or its officers. (Revised by Order No. 85-12-10-2, Effective 12.10.85)~~

At left margin indicates changes  
**Bold** indicates material being added  
~~Strike through~~ indicates material being deleted

**LEGISLATIVE  
FORMAT**

3.074

Lane Manual

3.074