



LANE COUNTY PERFORMANCE AUDIT COMMITTEE MEETING

Agenda

August 20, 2020
3:00 PM - 4:30 PM

During the COVID-19 global pandemic, the Performance Audit Committee will be hosting their 3rd quarter meeting via webinar. The Chair will provide the opportunity for speakers during the public comment portion of the meeting. The Chair will ask for your name, unmute your microphone and you will be given a specified amount of time to provide public comment.

Location:

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/601432877>

You can also dial in using your phone.

United States: [+1 \(646\) 749-3112](tel:+16467493112)

Access Code: [601-432-877](https://global.gotomeeting.com/join/601432877)

New to GoToMeeting? Get the app now and be ready when your first meeting starts:

<https://global.gotomeeting.com/install/601432877>

Voting Citizen Members

Denis Hijmans (C), Chair
Shanda Miller (A), Vice-Chair
John Barofsky (B)
Matthew Snyder (D)

Non-Voting Ex Officio Members

Michael Cowles, County Assessor
Mike Finch, Technology Services Director
Steve Mokrohisky, County Administrator
Christine Moody, Budget & Financial Planning Manager
Greg Rikhoff, Operations Director

Voting County Commissioner Member

Commissioner Berney (in lieu of Commissioner Farr)

1) Call to Order

2) Public Comment

3) Audit Committee Business:

- A. Approval of June 29, 2020 Performance Audit Committee Meeting Minutes (Attachment A) Pages 1-2
- B. Fraud, Waste and Abuse Hotline Report (*Verbal*, Stephen Dingle, County Counsel)
- C. Auditor Recruitment:
 - Recruitment Posting (*Attachment B*) Pages 3-6
 - Salary Review (*Attachment C*) Page 7
 - Executive Committee Response (*Attachment D*) Pages 8-11
 - Where Does Auditor Recruitment Fit With the Current “State of the County?”
- D. Completed Audits



LANE COUNTY PERFORMANCE AUDIT COMMITTEE MEETING

Agenda

August 20, 2020
3:00 PM - 4:30 PM
(continued)

- 3) Audit Committee Business (continued)
 - E. Committee Team Building
 - F. Website Review
 - G. Urgent Audits in Need of an Auditor (RFP)
 - H. Performance Audit Committee Bylaw Modification
(Lane Manual 3.530 (13); Lane Manual 3.506(g); Bylaws Article IV, Section 3)
- 4) Members' Items and Announcements
- 5) Close/Adjourn



LANE COUNTY PERFORMANCE AUDIT COMMITTEE MEETING
DRAFT Minutes – June 29, 2020

Remote Meeting Due to COVID-19 Emergency

Voting Citizen Members PRESENT

Denis Hijmans (C), Chair
Shanda Miller (A), Vice Chair
John Barofsky (B)
Matt Snyder (D)

Non-Voting Ex Officio Members PRESENT

Steve Mokrohisky, County Administrator
Mike Cowles, Assessor (Elected Official)

Voting County Commissioner Member PRESENT

Pat Farr

Guest: Judy Williams, Strategic Planning/Budget Supervisor
Staff Liaison: Laura Holtgrieve, Executive Assistant

ABSENT: Christine Moody, Budget & Financial Planning; Mike Finch, Technology Services Director; and Greg Rikhoff, Operations Director

- 00:00 1) Call to Order and Introductions: 3:00 p.m.
- 00:34 2) Public Comment: There were no public comments.
- 01:05 3) Audit Committee Business:
- A. Minutes:
Member Snyder motioned to approve the December 19, 2019 and February 6, 2020 Performance Audit Committee meeting minutes. Member Hijmans seconded the motion. The minutes were approved unanimously among voters present with Member Miller abstaining from voting on the December 19, 2019 minutes.
- 02:44 B. Election of Chairperson & Vice Chairperson, per Bylaws, Article IV, Section 4:
Chairperson: Member Miller made a motion to nominate member Hijmans for the Chairperson position. Commissioner Farr seconded the motion. Member Barofsky mentioned that the Vice Chair would generally accept the Chair position (due to line of succession). Member Miller discussed why she'd prefer to continue as Vice Chair. The election of Chairperson Hijmans was approved unanimously among voters present.
- Vice Chairperson: Member Hijman's made a motion to nominate member Miller for Vice Chairperson. Member Snyder seconded the motion. The election of Vice Chairperson Miller was approved unanimously among voters present.
- 13:32 C. Performance Audit Committee Bylaws, per Bylaws, Article VII:
Commissioner Farr suggested adding a section to the Bylaws to include an executive committee (of the Performance Audit Committee) consisting of the Chairperson and Vice Chairperson. The committee agreed to table the idea of adding an executive committee to the Bylaws and will include the topic on a future Performance Audit Committee meeting agenda.

Member Hijmans discussed the committee term limits noted in the Bylaws and asked

whether the 3-year term limit could be changed. Mr. Mokrohisky offered to provide the committee more information on terms at a later date. Members Hijmans and Miller still have a few years left in their terms which should be an adequate amount of time to impart their knowledge to newer members. This item will be added to a future Performance Audit Committee agenda.

30:07

- D. County Performance Auditor's Office Budget and;
- E. County Performance Auditor's Compensation and Staffing:

Mr. Mokrohisky reported that the FY20-21 Performance Auditor budget was approved and adopted by the Board of County Commissioners (BCC). The BCC also approved an increase in salary by one pay grade for the Performance Auditor position. Currently, there is a county-wide hiring chill in effect to help manage the declining revenues due to the COVID-19 pandemic. The BCC agreed to postpone recruitment for the Performance Auditor position until there is more certainty in future funding from state and federal agencies.

Member Miller shared her concern about the Performance Audit Committee not being included in the Performance Auditor compensation and review process this year. Mr. Mokrohisky stated that it's the role of the performance auditor to bring the budget and compensation to the committee before it goes to the administrator. The process was different this year because there isn't an auditor on staff. Commissioner Farr explained that the position was discussed at the February 25, 2020 BCC meeting which was held prior to the COVID-19 pandemic. Ms. Williams reported that members Barofsky and Hijmans were present at the February BCC meeting. Member Hijmans clarified that the discussion with the BCC was about the auditor position and some of its challenges but compensation wasn't discussed.

Commissioner Farr recommended that Chairperson Hijmans and Vice Chairperson Miller comprise an executive committee of the Performance Audit Committee to review the Performance Auditor compensation and recruitment information. The executive committee could brief the rest of the committee on their findings at the 3rd quarter Performance Audit Committee meeting. During the 3rd quarter meeting, the entire committee can decide where the position should be posted; what type of person they are looking for; and the skillset required. Commissioner Farr explained that by having two members of the committee review and discuss the information and then present and discuss with the entire committee afterwards will eliminate a serial meeting and will expedite the review process. Member Barofsky requested that Greg Rikhoff be included in the executive committee. The voters present agreed to the development of the executive committee, the members, and its role. The County Administrator will request Human Resources to email the executive committee the following items: 1) draft recruiting announcement for the Performance Auditor; 2) salary and market study; and 3) job description.

The Performance Audit Committee agreed to review the draft FY21-22 budget at their 4th quarter meeting and will provide recommendations to HR/BCC in October 2020 at the early stage of the budget process.

- 4) Members' Items and Announcements: There were no items discussed.

1:32:01 5) Close/Adjourn 4:35



LANE COUNTY
invites applications for the position of:

Performance Auditor / Program Manager (N3001)

SALARY:	\$75,982 - \$111,717 Annually
OPENING DATE:	--/--/--
CLOSING DATE:	--/--/-- 05:00 PM
DESCRIPTION:	

The Lane County Board of Commissioners is recruiting for a Performance Auditor who will perform internal performance audits throughout the organization. The Performance Auditor is one of three Lane County employees who report directly to the Board of County Commissioners. The County Performance Auditor is the Chief Performance Auditor, and is responsible for the operation of the performance audit function. The Performance Auditor will plan and perform senior professional level risk-based internal audit work including: financial, compliance, performance, investigative and operational audits of considerable breadth and difficulty, with goal of adding value to county services and the organization. Will provide internal consulting and advisory services, including assistance and guidance to County management and staff regarding audits and regulatory interpretations, policies and procedures. Will assess and audit County business processes to identify opportunities for improved efficiency, internal controls, compliance with various federal, state and local laws, and County policies and procedures.

The performance audit function conducts independent performance audits to provide relevant, 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. In early 2016, the Board of Commissioners added the position of Performance Auditor to Lane Code, and made other policy updates to strengthen the audit function. The Board also created a citizen-majority Performance Audit Committee to provide oversight and promote the independence of the performance audit function.

The Board seeks candidates who have the following qualifications and skills:

- Produce both quantitative and qualitative analyses of superior quality
- Excel at documenting their work, writing results, and presenting their work to audiences ranging from team members to legislative members and staff
- Demonstrate skill in project management, management control systems, research design, data collection, data analysis, and report writing
- Develop recommendations that improve performance, provide cost savings, and increase accountability
- Demonstrate the ability to use quantitative, financial, evaluation, and policy analysis methodologies and related software
- Have a functional understanding of public administration and government
- Effectively communicate verbally and in writing with a variety of audiences, including colleagues,

audited agencies, and the public

- Have experience in Government Auditing Standards (Yellow Book)

Manages the internal performance audit function for Lane County under the general supervision of the County Administrator, the Board of County Commissioners, and the Internal Audit Committee. Conducts and carries out highly complex analyses, audits, and studies on a wide range of management, administrative, financial, budgetary, operational, and other organizational issues in support of the execution of the County's mission, goals and objectives. May exercise supervision over assigned staff.

Schedule: Monday - Friday 8 a.m. - 5 p.m.

This position is non-represented

This is the management level within the program series. Incumbents have responsibility for developing and implementing programs and services; developing program policies and procedures; and ensuring program compliance with laws, rules, regulations, policies, and procedures. Incumbents serve as a liaison and resource for collaboration and coordination of services; evaluate programs for quality assurance; and develop improvements and enhanced methods for delivery of services. Incumbents typically have formal supervisory responsibility of staff, or may manage a program and its services without direct supervision of regular County staff.

EXAMPLES OF DUTIES - DUTIES MAY INCLUDE, BUT ARE NOT LIMITED TO THE FOLLOWING:

Supervises staff to include: prioritizing and assigning work; conducting performance evaluations; ensuring staff are trained; ensuring that employees follow policies and procedures; maintaining a healthy and safe working environment; and making hiring, termination, and disciplinary recommendations.

Develops, plans, and implements goals, objectives, strategies, policies, and procedures for a complex or multiple program(s).

Analyzes program data and assesses needs and opportunities.

Analyzes, reviews, and develops administrative and programmatic systems and procedures to ensure effectiveness of programs and compliance with internal and external requirements.

Leads and/or participates in a variety of community activities and/or organizations to develop partnerships/coalitions that address assigned program issues; confers with a variety of governmental agencies and other organizations regarding program issues.

Develops a variety of administrative documents, which may include: Requests for Proposals, Requests for Quotes, service provider contracts, procedural guidelines, proposal applications, grant plan sections, and/or other related documents.

Prepares and delivers presentations on program(s); facilitates meetings on program services and issues; attends professional conferences and training sessions.

Serves as a liaison with clients and external agencies; represents the County and program on a variety of

committees, events, advocacy groups, and/or other related groups.

Designs and implements marketing and outreach strategies to ensure public exposure to County program offerings.

Develops and administers section budgets; approves expenditures; reviews financial statements; manages financial operations.

Performs other duties of a similar nature or level.

MINIMUM QUALIFICATIONS:

Knowledge of (position requirements at entry):

- Supervisory principles;
- Public relations principles;
- Culturally competent practices;
- The role that culture plays in work relationships, operations and dynamics;
- Budget administration principles;
- Program management principles;
- Marketing principles;
- Grant and/or contract administration principles;
- Research methods;
- Applicable Federal, State, and local laws, rules, ordinances, statutes, and regulations;
- Advanced principles of assigned area of responsibility;
- Analytical methods and techniques;
- Area resources;
- Needs assessment methods;
- Accounting principles;
- Strategic planning principles;
- Program/project management principles and techniques.

Skills in (position requirements at entry):

- Monitoring and evaluating employees;
- Prioritizing and assigning work;
- Preparing and reviewing reports;
- Preparing and administering budgets;
- Managing and promoting programs and related activities;
- Creating a culturally inclusive work environment;
- Mediating and resolving conflict;
- Working effectively with clients, co-workers, employees and supervisors from diverse backgrounds;
- Gathering, interpreting and behaviorally adapting to cultural contexts;
- Communication, both verbal and written, sufficient to exchange or convey information and to receive work direction;
- Managing and administering grants and/or contracts;

- Planning, implementing, and managing program components;
- Compiling and analyzing data;
- Using a computer and applicable computer applications;
- Conducting research and needs assessments;
- Speaking in public;
- Conducting outreach activities;
- Developing strategic plans;
- Conducting negotiations;
- Interpreting complex documents;
- Identifying emerging trends, needs, and services and recommending implementation;
- Assessing the consequences and outcomes of program initiatives.

EXPERIENCE AND TRAINING; ADDITIONAL INFORMATION:

Training and Experience:

Bachelor's Degree in related field and five years of progressively responsible experience related to area assigned, including supervisory experience; or an equivalent combination of education and experience sufficient to successfully perform the essential duties of the job such as those listed above.

Licensing Requirements:

- Valid Oregon Driver's License.
- License as a Certified Municipal Auditor, Certified Internal Auditor, Certified Public Accountant, Certified Management Accountant, or Certified Government Auditing Professional desired and preferred.

Lane County complies with the Americans with Disabilities Amendments Act of 2008. If you require reasonable accommodation in the application and/or interview process due to disability, requests must be made in a timely manner. Contact a recruitment specialist at 541.682.3124.

Chief Performance Auditor Salary Classification Review

Summary:

Human Resources completed a review of the Chief Performance Auditor position and determined that while the current Program Manager classification is appropriate, the responsibilities of the position more closely align to a salary grade of D62, which would result in a 5% increase in salary over the current D61 salary grade.

Method:

1. Review classification specification
2. Review positions in D61, D62 and D63
3. Complete subgrading review

Analysis:

After reviewing the classification descriptions, job posting, and interview notes, HR determined that the position is appropriately classified as a Program Manager. This position is responsible for the operation of the audit program and is expected to perform senior professional level audit work in multiple disciplines. The position also provides consulting and advisory services including assistance and guidance to County management and staff. This position reports to the Board of Commissioners and is guided by the Performance Audit Committee.

The position was reviewed with Programs Managers in salary grades D61, D62, and D63.

A review of the sub-grade analysis was completed. The higher level responsibilities performed by this position, as indicated in the Program Manager decision band review, were analyzed for placement in the correct sub-grading.

Based on the level of review of the sub-grading criteria, HR recommends moving this position to a higher sub-grading decision band. Below is a table detailing the responsibilities for the sub-grading criteria.

Criteria	
Job Difficulty	Required to gather information; determines accuracy of information; determines appropriate resources; complex analysis
Complexity	Generalist; role covers multiple specialty disciplines; compliance; risk; diversity of audit types
Task occurrence	Reviews may occur concurrently or consecutively
Consequence of Error	Loss of funding; lay-offs; high visibility
Impact of Position	Reports to the Board; Provides consultation to County Administrator
Number of task	Generalist; familiar with multiple specialty disciplines; consultant; planner
Essential Skills & Knowledge	Broad; Compliance for multiple discipline

Sub-grade level 2 changes the salary grade for the Auditor position from D61 to D62. The change in the minimum and maximum of the band is 5%.

MEMORANDUM

DATE: August 1, 2020

TO: Lane County Performance Audit Committee (LCPAC) members (Voting and Non-voting members)

FROM: Shanda Miller and Denis Hijmans, LCPAC Executive Committee

SUBJECT: Executive Committee recommendations to the Lane County Performance Audit Committee for discussion and recommendation to the Board of County Commissioners regarding the recruitment of a Lane County Performance Auditor.

Purpose

According to Lane Manual 3.530, the Lane County Performance Audit Committee (audit committee) will make appropriate recommendations concerning the performance audit function to the Board, including related to advising the Board of County Commissioners on the selection of the County Performance Auditor and reviewing the County Performance Auditor's compensation.

At the June 29, 2020 meeting of the audit committee, it was discussed that the Executive Committee (Chair, Denis Hijmans and Vice Chair, Shanda Miller) would:

- Review the current recruitment materials provided by Lane County Human Resources related to the County Performance Auditor Position,
- Discuss and make recommendations to the full audit committee regarding steps needed to increase the likelihood of a successful recruitment and appointment of a County Performance Auditor who meets qualifications and expectations, and
- Provide recommendations to the full audit committee for review and discussion for the purpose of a committee recommendations to the Board of County Commissioners in the form of a motion.

Summary of Recommendations

The following recommendations are intended to enable the county to recruit a pool of the best and most qualified candidates who meet the expectations for a highly professional and experienced government performance auditor who can:

- Be a trusted leader and advisor to the county
- Efficiently and effectively manage the administrative and technical aspects of the position
- Strategically plan out the duties of the performance audit program
- Conduct risk assessment and risk-based performance audits aligned with county strategic priorities and objectives
- Plan and conduct performance audits of appropriate scope to the size of the program under audit; and appropriate timeliness to add value and help the county meet its strategic objectives without undue strain or reliance on program staff time or resources.

The Executive Committee recommends:

1. Minimum qualifications for the County Performance Auditor should go beyond Lane Manual 3.073(2) to include: five years of progressively responsible experience in government performance auditing

Other suggested changes to the job posting include:

- License as a Certified Internal Auditor or Certified Government Auditing Professional desired; Certified Internal Auditor preferred
 - Update the description and duties to reflect Lane Manual 3.070 – 3.079
 - Update the knowledge and skills to align with Association of Local Government Auditors (ALGA) recommendations
 - Remove “senior professional level” from the Description
 - Include language that the County Performance Auditor will align their work with the County’s strategic priorities and objectives
2. The Position Classification for the County Performance Auditor should have a unique County Auditor classification instead of the current Program Manager classification
 3. Compensation for the County Performance Auditor should be competitive with other government performance auditor positions within the State of Oregon. The salary range for the County Performance Auditor should start at a minimum of \$89,000 and the range should end at a minimum of \$138,000.

Minimum Qualifications

To find qualified candidates who meet the expectations for a highly professional and experienced County Performance Auditor or Chief Performance Auditor, it’s important to ensure that the candidates’ have experience in performing government performance audits.

Government performance auditing is somewhat different than corporate or non-governmental internal auditing. Government performance auditors have experience and training in conducting audits that follow Generally Accepted Government Auditing Standards (GAGAS; also called Yellow Book Standards). Conducting Yellow Book audits requires 80 hours of continuing education every two years related to auditing and ethics. In addition to continuing education requirements, government performance auditors receive on-the-job training and experience as they conduct audits.

Government performance auditors also understand the unique challenges and objectives of government programs.

Having a minimum of 5 years of experience performing government performance audits should be enough time for an auditor to fully understand Yellow Book Standards and be able to apply them to any government performance audit. Being a Certified Internal Auditor is also a preferred certification.

Other suggested changes to the job posting are also included in the recommendation.

Recommendation: Minimum qualifications for the County Performance Auditor should go beyond Lane Manual 3.073(2) to include: five years of progressively responsible experience in government performance auditing

Other suggested changes to the job posting include:

- License as a Certified Internal Auditor or Certified Government Auditing Professional desired; Certified Internal Auditor preferred
- Update the description and duties to reflect Lane Manual 3.070 – 3.079
- Update the knowledge and skills to align with Association of Local Government Auditors (ALGA) recommendations
- Remove “senior professional level” from the Description
- Include language that the County Performance Auditor will align their work with the County’s strategic priorities and objectives

Position Classification

A government performance auditor (specifically one that is a Certified Internal Auditor with at least 5 years of experience performing government performance audits) is highly specialized.

There is a misconception that a performance auditor is a generalist. This is not the case.

According to the Yellow Book, “performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.” Thus, a government performance auditor could be said to be a specialized investigator.

Conducting audits adherent to Yellow Book Standards requires several or more years of on-the-job training and hundreds of hours of continuing education. Most government performance auditors also hold a master’s degree in public administration, public policy, or a related field.

To become a Certified Internal Auditor requires two years of auditing experience and the passing of a four-part test that on average takes 130 to 180 hours of study to pass all exams.

It takes several years of on-the-job training before an auditor can fully grasp every phase of an audit and conduct a complete audit on their own, while fully understanding and implementing the Yellow Book Standards. It takes another several years to be highly efficient at conducting Yellow Book audits.

Government performance auditors have many roles. They are a fraud watchdog. They ensure the organization is in compliance with laws, regulations, and proper procedures. They perform risk assessment, including identifying risks to the government in meeting program objectives efficiently and effectively. They also determine ways to improve government programs.

Other specialized skills of a government performance auditor:

- Governance – understanding of the principles of effective governance (e.g., planning, oversight, accountability reporting, Internal controls, and risk management)
- Analysis – understanding of quantitative and qualitative analytical methods (e.g., statistics, surveys, and modeling)
- Performance Management – understanding of performance measurement techniques
- Communications – interview skills, ability to explain complex information in non-technical terms

- Project Management –ability to deliver projects on time and within resource constraints
- Research – familiarity with research techniques and a broad range of sources for audit criteria

Recommendation: The Position Classification for the County Performance Auditor should have a unique County Auditor classification instead of the current Program Manager classification

Compensation

In considering a competitive salary for the County Performance Auditor, it’s critical to review the salary ranges for other government performance auditor positions within the State of Oregon.

There are two other counties with performance auditor positions considered to be Chief Audit Executives or Chief Performance Auditors that manage programs with no additional staff: Clackamas County and Deschutes County. Their current salary ranges are as follows:

- Clackamas County Auditor: \$80,544 to \$108,734
- Deschutes County Auditor: \$93,243 to \$124,954

Other government performance audit positions within the State of Oregon include state auditors and other city and county staff auditors. These staff auditor positions can be an important pipeline to fill Chief Audit Executive positions such as at Lane County. Many of these staff auditors would meet the minimum qualifications for the County Performance Auditor position and would be well trained to meet Lane County’s expectations for a highly professional and experienced government performance auditor.

Given this potential pipeline of staff auditor positions, it’s important that the salary range for the County Performance Audit position be appropriately competitive as compared to the salary ranges of these staff auditor positions.

Currently, the salary range for the Lane County Performance Auditor position is \$75,982 to \$111,717.

Here are the salary ranges for staff auditor positions that could be a pipeline to the County Performance Auditor position:

- State Auditor 4 (Secretary of State Audits Division): \$80,940 to \$125,196
- State Auditor 3 (Secretary of State Audits Division): \$73,452 to \$113,556
- Performance Auditor III (City of Portland): \$72,530 to \$131,248
- Management Auditor, Principal (Washington County): \$93,787 to \$119,656
- Management Auditor, Senior (Washington County): \$84,998 to \$108,436

Several of these salary ranges are higher than the current salary range for the Lane County Performance Auditor position.

Based mostly on the State Auditor 3 and 4 positions, and using a similar bump in the range from State Auditor 3 to 4, we recommend the salary range for the Lane County Performance Auditor position be a minimum of \$89,000 to \$138,000.

Recommendation: Compensation for the County Performance Auditor should be competitive with other government performance auditor positions within the State of Oregon. The salary range for the County Performance Auditor should start at a minimum of \$89,000 and the range should end at a minimum of \$138,000.