LANE COUNTY PERFORMANCE AUDIT COMMITTEE MEETING
Agenda

February 6, 2020
1:00-1:30 PM

Location:
Lane County Public Service Building
125 E. 8th Avenue, Eugene, OR 97401
Board of County Commissioners Conference Room (2nd Floor)

Voting Citizen Members
John Barofsky (B), Chair
Shanda Miller (A), Vice-Chair
Denis Hijmans (C)
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
Pat Farr

1) Call to Order

2) Public Comment

3) Audit Committee Business
   • Election of Committee Vacancy (Position A) Vote/Discussion
   • Annual Performance Audit Committee Report Vote/Discussion
   • Performance Audit Committee Letter to Board of Commissioners Vote/Discussion

4) Members’ Items and Announcements

5) Close/Adjourn
**Lane County**  
**CITIZEN ADVISORY COMMITTEE**  
**APPLICATION**

<table>
<thead>
<tr>
<th>APPLICANT'S NAME AND CITY:</th>
<th>Shanda Miller, Eugene</th>
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<tbody>
<tr>
<td>DATE:</td>
<td>01-07-2020</td>
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<tr>
<td>NAME OF ADVISORY COMMITTEE:</td>
<td>Performance Audit Committee</td>
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<tr>
<td>PLEASE CHECK ONE:</td>
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<tr>
<td></td>
<td>□ New Applicant</td>
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<td></td>
<td>□ Application for Reappointment</td>
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1. Give a brief description of the experience or training that qualifies you for membership on this advisory committee (If you wish, you may attach a resume or other pertinent material.)  
   I have 12 year's experience as a performance auditor; 10 years as a State Auditor; and 2.5 years as the Lane County Performance Auditor. I am also a Certified Internal Auditor.

2. Why do you want to become a member of this committee, and what specific contributions do you hope to make?  
   I would like to be reappointed so I can help to ensure the Audit Program returns to an efficient and effective one.

3. List the community concerns related to this committee that you would like to see addressed if you are appointed.  
   There are concerns that the Audit Program is not worth the cost and that a qualified effective auditor will not be found to take the Audit Program to where it needs to be to be efficient and valuable to the county and do what the Audit Program is intended to do.  
   I would like to help in the recruitment of the best qualified candidate to fill this important role.

4. Briefly describe your present or past involvement in relevant community groups. (Having no previous involvement will not disqualify you for appointment.)  
   I was a citizen member of the City of Eugene's Budget Committee from January 2010 to June 2012.

5. Lane County is committed to reflecting diverse cultures on its boards/committees and does not discriminate against any person on the basis of race, color, national origin, age, disability, sex, religion, language, ethnicity, socioeconomic status, sexual orientation, gender identity or expressions, veteran’s status, or political beliefs in employment or in admission, treatment, or participation in its programs, services, and activities. If selected, how would you contribute to this effort?  
   I will consider diversity in my decisions on the committee, including recruitment of an auditor or committee member as needed.

6. Are you currently serving on any Advisory Boards or Committees? If so, which ones?  
   Besides my current position on the Lane County Performance Audit Committee, I am not on any other committees or advisory boards.

7. Are you employed by, have any business, contractual arrangements or family connections with programs having contractual agreements with the County or that might be within the purview of the committee on which you are seeking appointment? (If there is a change in your circumstances, please advise the staff for the committee within 30 days.)  
   □ No  □ Yes Specify:

8. How did you learn about this vacancy? □ Newspaper □ Word of mouth □ Other:

9. In which County Commissioner District do you reside? please check one:  
   □ Unsure □ West Lane County □ Springfield □ South Eugene □ North Eugene □ East Lane County

*The Board of Commissioners has adopted the following policy on reappointments:  
a. Members of County advisory groups will serve a maximum of two consecutive terms when term lengths are three or more years in length.  
b. The deadline for incumbent applications will be the same as the deadline for new applications.  
*Unless waived by the Board.*

ApplicationAdvisoryCommittee.doc
Please Print

Name: Miller
(Last) ___________________________
Address: _______________________
(Street) _______________________
Home Phone: ____________________

Shanda
(First) ___________________________
(Eugene) 97405
(City) ___________________________
(Zip) ___________________________
How Long Have You Lived in Lane County? 26 Years 5 Months

Occupation: Writer & Trainer
Place of Employment: Self-Employed

Business Address: ___________________
Business Phone: ___________________
E-Mail Address: ___________________
Fax: N/A

NOTE: Information in this box consisting of home addresses and phone numbers may be exempt from disclosure per ORS 192.502(3).

OPTIONAL INFORMATION
Lane County is required under state and federal guidelines to identify applicants by ethnicity, race, gender and age. Supplying this information will also assist Lane County in evaluating its Diversity Implementation Plan to achieve more diversity on its advisory committees. Providing this information will not adversely affect your opportunity to serve on this committee or board and this information is processed separately from the application. Completion of this section is entirely voluntary and remains confidential.

Please check all boxes that apply:

Gender:
□ Male  □ Female
□ Trans-Female  □ Gender Non-Conforming
□ Other  □ Trans-Male
□ Non-Binary

Ethnicity:
□ Hispanic/Chicano/Latino
□ Non-Hispanic/Chicano/Latino

Race:
□ Asian American  □ American Indian/Alaska Native  □ African American
□ Native Hawaiian/Pacific Islander  □ White

□ Disability: *Type:
*This information is used to ensure there is reasonable accommodation and representation on advisory boards.

Is your age over 40? □ Yes  □ No

Lane County does not discriminate against any person on the basis of race, color, national origin, age, disability, sex, religion, language, ethnicity, socio-economic status, sexual orientation, gender identity or expressions, veteran's status, or political beliefs.

Signature of Applicant ___________________________
Date: 01-07-2020

Except as noted above, all information provided as part of this application is a public record subject to disclosure.

Please Return to:
Lane County Administration
Public Service Building
125 East 8th Avenue
Eugene, OR 97401

NOTE: If you are not selected at this time, your application will be kept on file for 12 months from the date it was received and will be reconsidered as vacancies occur.
LANE COUNTY PERFORMANCE AUDIT COMMITTEE

2019 ANNUAL REPORT

The Performance Audit Committee provides valuable input to the Board of Commissioners on significant audit matters and is responsible for ensuring the performance audit program functions well. The Committee also promotes the independence of the performance audit function.

HISTORY AND BACKGROUND

In 2015, the current model for the Performance Audit Function was developed and approved by the Board. The Lane County Performance Audit Committee was newly formed in 2016 as part of the current model and met for the first time in June 2016.

First, let’s go back to the beginning and look at the orientation presented to the committee by Ms. Miller in June of 2016: https://www.lanecounty.org/UserFiles/Servers/Server_3585797/File/Government/County%20Departments/County%20Performance%20Auditor/PerformanceAuditCommittee/HANDOUT_LCPAC_06222016.pdf

Generally Accepted Government Auditing Standards

The professional standards presented in the 2018 revision of Government Auditing Standards (known as the Yellow Book) provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards, commonly referred to as generally accepted government auditing standards (GAGAS), provide the foundation for government auditors to lead by example in the areas of independence, transparency, accountability, and quality through the audit process.

COMMITTEE MEMBERSHIP

The Lane County Performance Audit Committee met five times in 2019. Current membership, as of December 2019, is as follows:

- John Barofsky (Chair), at-large
- Shanda K. Miller (Vice-Chair), at-large
- Denis Hijmans, at-large
- Matthew Snyder, at-large
- Pat Farr, Lane County Commissioner
- Mike Cowles (Elected Official), ex-officio
- Steve Mokrohisky, County Administrator, ex-officio
- Greg Rikhoff, Director of Operations, ex-officio
- Christine Moody, Budget & Financial Planning Manager, ex-officio
- Mike Finch, Information Services Director, ex-officio
ACCOMPLISHMENTS AND ITEMS TO NOTE SINCE THE LAST ANNUAL REPORT PRESENTED IN 2016

2017
County Performance Auditor Miller submitted notice of resignation March 2017
Recruitment for County Performance Auditor began in April 2017 and did not result in a hire
Lane County Road & Bridge Maintenance Report released on June 2017
2016-17 Annual Fraud, Waste, and Abuse Hotline Report released July 2017
Lane County Parks Cash Handling Report released July 2017
County Performance Auditor Miller resigned on August 1, 2017
Recruitment for County Performance Auditor began in September 2017

2018
County Performance Auditor Crear Hired on March 19, 2018

2019
Recruitment and Retention Report Released March 2019
County Performance Auditor Crear submitted notice of resignation July 2019
Cash Handling Audit Follow-up responses provided by management and provided to the Audit Committee on September 17, 2019
County Performance Auditor Crear’s resigned on September 17, 2019

RECOMMENDATIONS FOR 2020
To assist the present Board of Commissioners with their considerations regarding the future of the performance audit function, we the committee offer the following lessons learned and recommendations.

Audit Committee Lessons Learned from 2017 - 2019
The Audit Committee has reflected on the past couple of years and has compiled the following lessons learned:

- Quarterly Audit Committee meetings left too much time between meetings and did not allow for adequate oversight over the audit function’s effectiveness and efficiency.
The Audit Committee relied on County staff to set the agenda for its quarterly meetings. Instead, the Audit Committee should have been more proactive in setting the agenda to allow for agenda items related to its oversight role.

When the County Performance Auditor was not meeting expectations, the Audit Committee could have been more proactive in holding the County Performance Auditor accountable, by having a continuous cycle of setting expectations and providing the County Performance Auditor feedback on whether expectations were being met.

The Audit Committee did not report to the Board or meet with the Board prior to November 6, 2019. The Audit Committee needed to have communicated and updated the Board regularly on the Performance Audit’s effectiveness, efficiency, and any concerns that came up to assist the Board in its supervisory role over the County Performance Auditor.

Audit Committee Recommendations for the Future

The Audit Committee makes the following recommendations to the Board for strengthening the audit function oversight and the supervision of the County Performance Auditor:

- **Monthly Meetings:** In addition to Quarterly Audit Committee meetings, we recommend the Audit Committee’s Executive Committee meet twice between each Quarterly meeting, so that there is a meeting at least once a month.

- **Location of Office:** Move the County Performance Auditor’s Office to the Board of County Commissioners’ and County Administration Space. This will allow for more accessibility and informal interactions between the County Performance Auditor and the Board of Commissioners and County Administration.

- **Monthly Updates:** Require monthly updates by the County Performance Auditor to the Board of County Commissioners at regularly scheduled Board meetings and separately to the Audit Committee. Updates should audit progress and estimated report release date, time on audits vs. administration, annual quality report, and progress toward lane manual expectations, including annual 40 CPE hours and other Generally Accepted Government Auditing Standard requirements. The monthly update should also include goals and planned deliverables for the next month.

- **Updates to the Board of County Commissioners:** Regular quarterly updates to the Board of County Commissioners by the Audit Committee at regularly scheduled Board meetings. Quarterly updates to include the Audit Committee’s assessment of the County Performance Auditor’s progress toward Lane Manual expectations, the meeting of Generally Accepted Government Auditing Standard requirements (including but not limited to ethical and professional standards), other expectations including audit program effectiveness and efficiency, and any performance concerns as it relates to the above expectations.

- **County Performance Auditor Supervision by the Board of Commissioners:** The Board of Commissioner’s Liaison to the Audit Committee will meet one-on-one with the County Performance Auditor at least once a month to set expectations and provide feedback to the County Performance Auditor. The Liaison will also discuss any concerns about the County Performance Auditor’s performance with the full Board of Commissioners at appropriate Executive Session meetings.
Additional recommendations to the Board if the Board decides to open another recruitment for the County Performance Auditor:

- **Classification**: Adjust the classification of the County Performance Auditor position to its own Chief Audit Executive classification and not the current Program Manager classification and adjust the salary range to be competitive.
- **Minimum qualifications**: Minimum qualifications should include a minimum of 5 years of government auditing experience following Generally Accepted Government Auditing Standards and a minimum of 4 years leading government audits as an auditor-in-charge. We also highly recommend the candidate be a **Certified Internal Auditor**.
- **Interview Questions**: Craft interview questions to get an understanding of the candidates' demonstration of ethical and professional standards and how they have approached their work with those standards in mind.
- **Reference checks**: Follow up with a minimum of three references who can speak to the candidates' auditing effectiveness, efficiency, ethics, time management, organizational skills, and professionalism.
- **No Hire**: If there are any concerns that no candidate will be a good fit for the position, there must be no hesitation in having the recruitment result in no hire.

**COMMITTEE RESPONSIBILITIES**

- **General Responsibilities**
  - Hold annual meeting for planning goals and objectives, and review prior year performance
  - Retain flexibility and maintain ability to respond to incidents as they emerge
  - Work with staff to anticipate and provide information as needed
  - Meet once each calendar quarter; emergency meetings permitted
  - Review and request annual budget in October
  - Review Performance Auditor's Strategic Plan
  - Review operation of Fraud, Waste, and Abuse Hotline
  - Review and recommend the Audit Plan to the Board of Commissioners annually and comment on Performance Auditor's annual program goals
  - Individual study of audit best practices and other learning opportunities
  - Provide annual written report of findings and recommendations to the Board
  - Ensure maximum coordination between auditor and 'Contracted audit efforts

- **Audit Responsibilities**
  - Review post audit survey results
o Ensure audit reports are transmitted to the Board of Commissioners and the public
o Ensure quality control compliance with professional standards and legal requirements
o Review and support Performance Auditor’s fieldwork plans
o Evaluate findings and recommendations of internal and external quality assurance reviews (external reviews are every three years)

• Auditor Oversight
  o Review Performance Auditor’s annual statement of independence
  o Monitor ongoing independence
  o Ensure Performance Auditor meets professional standards
  o Review Performance Auditor’s time tracking reports
  o Participate in Performance Auditor’s annual 360 Performance Review
  o Selection, compensation or dismissal of the Performance Auditor
Request for Immediate Action on Vacancy of County Performance Auditor

Heather Buch, Chair  
Lane County Board of Commissioners  
125 East 8th Avenue  
Eugene, OR 97401  
January 31, 2020

Ms. Buch,  
As the Citizen Members of the Lane County Performance Audit Committee we are asking for the County Board of Commissioners to take immediate action to resolve the vacancy of the County Performance Auditor.

The most recent County Performance Auditor resigned on July 19, 2019, effective September 17, 2019. Per the Lane County Code 2.130 (4) “When a vacancy in the position of County Performance Auditor occurs, the Board of Commissioners will endeavor to fill the vacancy as soon as is practicable.”

Beyond compliance with the Lane Code a continued delay does not serve the public interest. The mission of the Performance Audit is to improve the performance, accountability and transparency of the Lane County Government. Reporting directly to the County Board the Performance Auditor is one of the Board’s primary tools to increase transparency and drive accountability in the county government.

If the Board feels that the performance, accountability and transparency of the Lane County Government is sufficiently served without an independent auditor on staff the Lane Code should be amended. If not, the recruitment process of the next Performance Auditor should begin immediately.

Our committee stands ready to provide assistance to the Board and County Staff with the process moving forward. Specifically, per the committee bylaws, our committee is tasked with; Review(ing) the County Performance Auditor’s compensation and staffing annually and Review(ing) and provide suggestions and comments on the County Performance Auditor’s program goals. Both of which would be helpful in creating a job posting. Please let us know how we can help.

Respectfully submitted,

Citizen Members of the Lane County Performance Audit Committee:  
John Barofsky, Chair  
Shanda K. Miller, Vice-Chair  
Denis Hijmans  
Matthew Snyder