

Multnomah County Auditor

Annual
Report
2006



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October 11, 2006

The County Charter requires the Auditor to conduct performance audits or other studies that measure or improve County operations. During performance audits, auditors examine the organization's goals and objectives and determine if they are being met. The Office follows government auditing standards as recommended by the U.S. Government Accountability Office. Since FY02, the Office has also followed up each audit with a detailed review of the progress made towards implementing recommendations.

Beginning in FY04, the Auditor's Office entered new territory. In partnership with the Portland City Auditor, we began to audit the eight school districts in Multnomah County. This was the result of the personal income tax that was approved by county voters in May 2003. The temporary 3-year tax was designed to fund school districts along with public safety, health care, and senior programs. Part of the funding was specified for audits of the school systems. This report represents the last year of schools auditing.

I think the work we do is important to citizens. I also believe that the Office should be a leader in accountability. This annual report to citizens is part of how we are accountable for the services we provide. I would like to thank Multnomah County's leaders and employees for working with us to improve the efficiency and effectiveness of services.

This is my last year as your County auditor. It has been my honor to serve you. I appreciate the opportunity given me to improve the quality of County services and act on the behalf of the citizens of Multnomah County.

Sincerely,

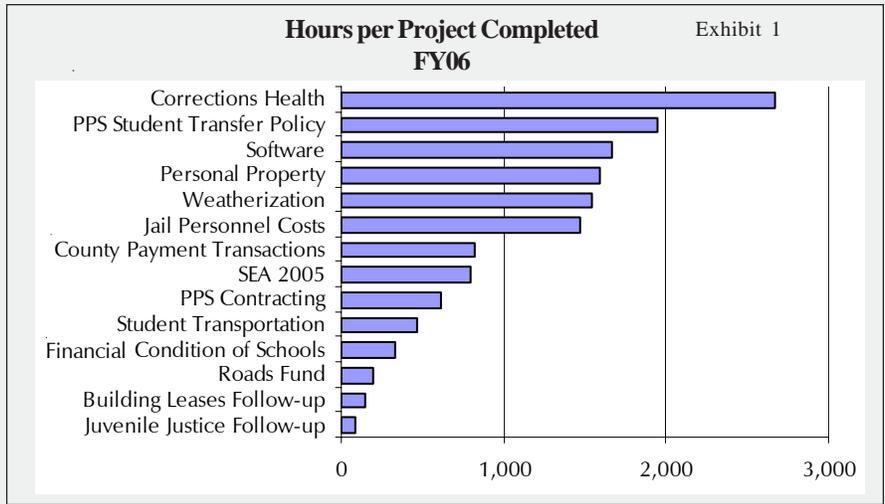


Suzanne Flynn
Multnomah County Auditor



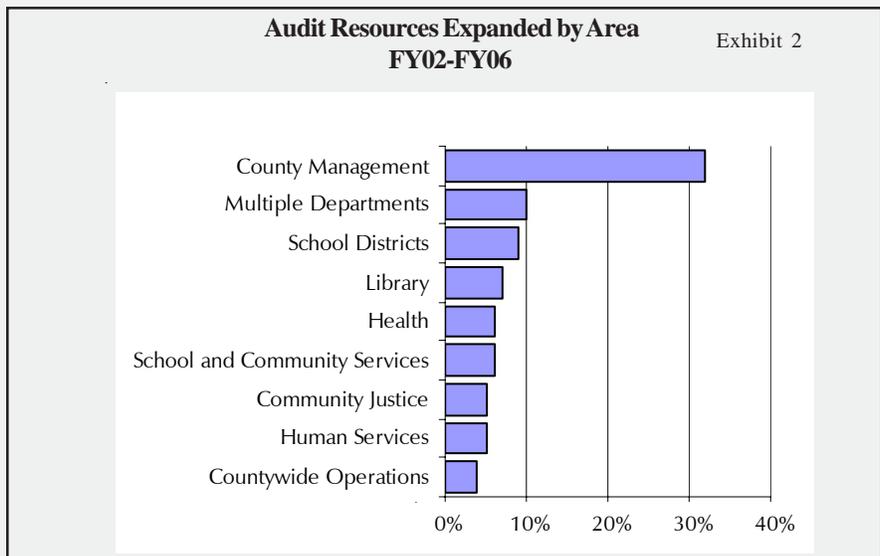
Audit Reports are available at
www.co.multnomah.or.us/auditor
or by calling 503-988-3320

In FY06, the Office completed fourteen audits: ten were of County programs, and four were of the County's school districts. The largest audit this past year was on the Corrections Health Program.



Each fiscal year, the Office develops an audit schedule. Audit areas are selected based upon the potential for savings or improvement, evidence of problems, the potential for loss or risk, the time since the last audit, and audit staff resources. Some audits involve several departments in the County.

The chart below shows the distribution of audit hours by departments in the last five years. During budget cutbacks, we focused extensively on County Management looking for efficiencies.



In FY06, actual expenditures for the Office were \$937,541. Most of the spending was for personnel (89%). The cost per hour for an audit was \$51. Once adjusted for inflation, total spending has increased 26% since FY02 (Exhibit 3). The addition of two positions to audit school districts and increases in internal business and insurance costs explains most of the increase. The decrease in FY06 was a result of the schools audit program nearing its end.

**Expenditures FY02-06
(adjusted for inflation)**

Exhibit 3

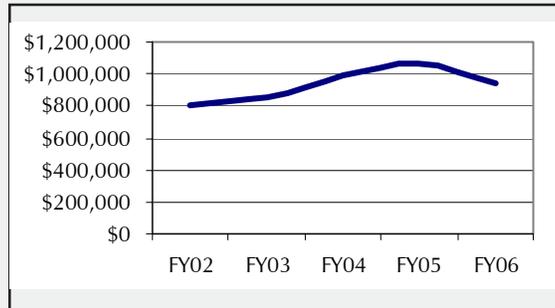
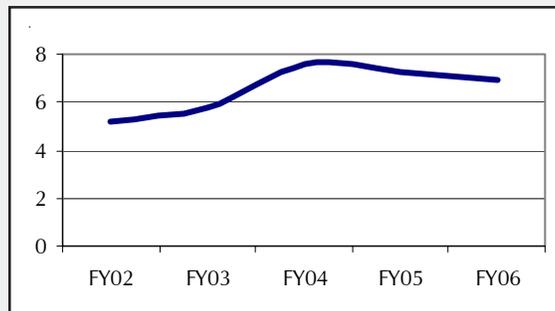


Exhibit 4 shows staffing levels in the past five years. The increase in FY04 was the result of adding two auditors funded to audit school districts.

**Audit Staffing
FY02-FY06**

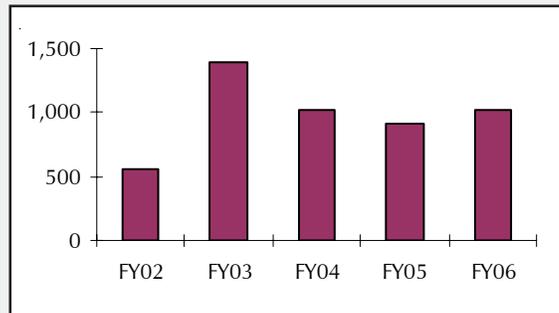
Exhibit 4



Audit projects vary considerably by topic and complexity. As a result, the time that it takes to complete an audit also varies. In FY03, the Office completed an audit of the County's capital construction process, one of the largest audits we have ever undertaken. The drop in average hours per audit completed in FY02 and sharp increase in FY03 is the result of the shorter projects completed in FY02 and the large audit completed in FY03. We try to maintain an average of 1,200 hours per audit. This means we can complete larger audits but must also schedule a balance of smaller audits.

**Average Hours per Audit Completed
FY02-FY06**

Exhibit 5



Audit recommendations improve the efficiency or the effectiveness of County operations. How quickly a recommendation is implemented depends upon its complexity. Exhibit 6 shows that by the fourth and fifth years after an audit is completed most of the recommendations have been implemented.

**Implementation Rate
FY02-FY06**

Exhibit 6

