

Multnomah County Auditor

Annual
Report
2005



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Dear Citizens of Multnomah County,

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 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.

To date, four audits of the school districts have been completed. These are available on the special web site www.multnomahschools.org. We have also continued to work hard on auditing County programs.

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.

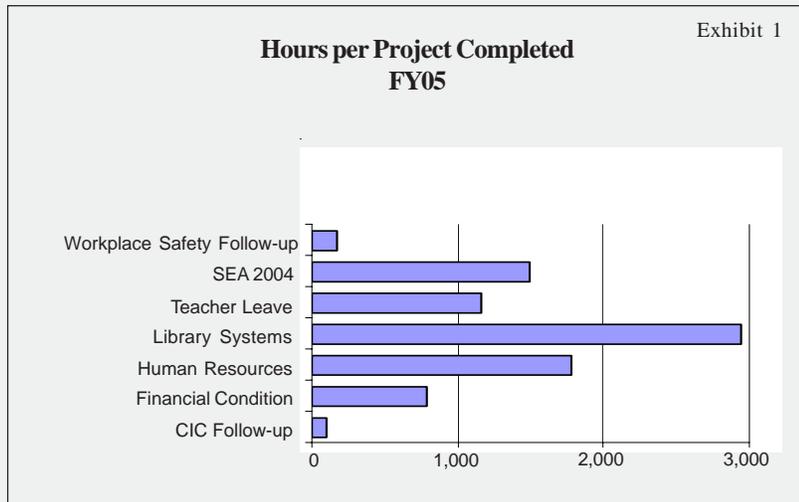
Sincerely,



Suzanne Flynn
Multnomah County Auditor

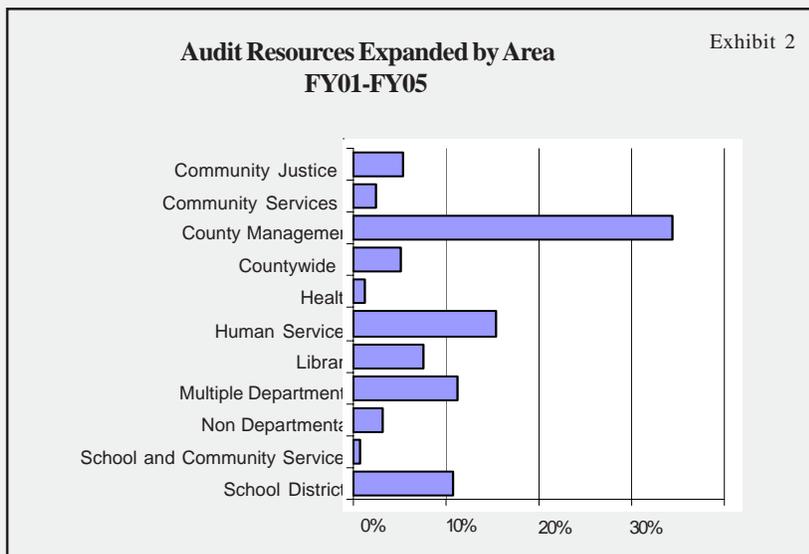


In FY05, the Office completed seven projects: six were on County programs, and one was on the school districts. The largest audit this past year was on the County's Library System



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 following chart shows the distribution of audit hours by department in the last five years. In the past year we focused extensively on County Management looking for efficiencies.



In FY05 actual expenditure for the Office was \$1,030,579. Most of the spending was for personnel (78%). The cost per hour was \$54. In the Office, there were eight auditors who collectively had 95 years of auditing experience, seven advanced degrees, and six professional auditor certifications. Once adjusted for inflation, total spending has increased 46% since FY01 (Exhibit 3). The addition of two auditor positions to audit school districts and increases in internal business and insurance costs explains most of the increase.

**Expenditures FY01-05
(adjusted for inflation)**

Exhibit 3

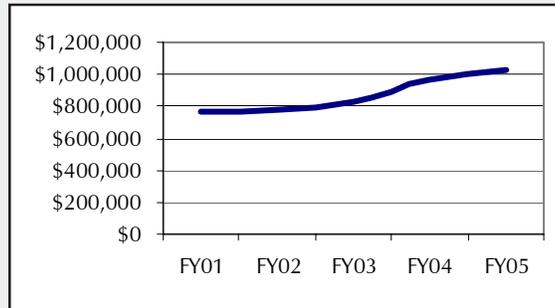
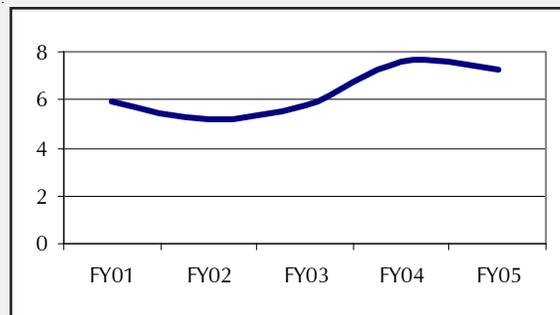


Exhibit 4 shows staffing levels in the past five years. The decrease in audit staff full-time equivalent (FTE) in FY02 and FY03 reflects a reduction in staff hours rather than positions. The increase in FY04 was the result of adding two auditors funded to audit school districts.

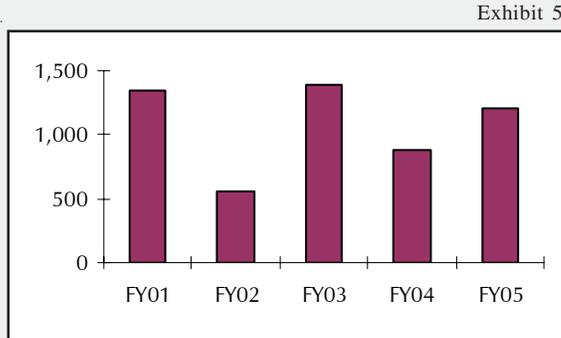
**Audit Staff
FY01-FY05**

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 ever undertaken. To complete the audit it took three auditors almost 3,900 hours over the course of three fiscal years. 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. In FY05 the Office completed 2 large audits, which increased the average.

**Average Hours per Audit Completed
FY01-FY05**



Audit recommendations are to 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
FY01-FY05**

