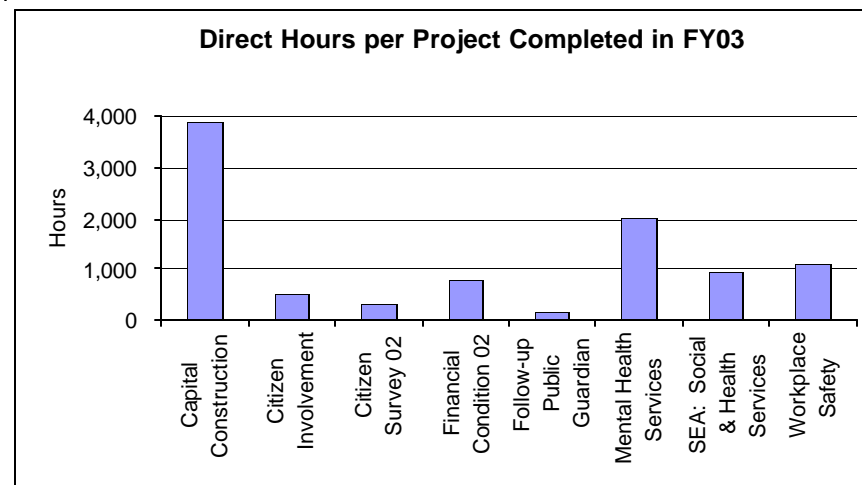


FY03 Results

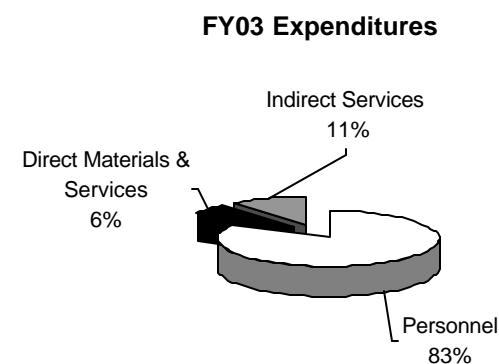
The County Charter requires the Auditor to conduct performance audits or other studies that measure or improve County operations. During performance audits, auditors examine the organization's goals and objectives and determine if they are being met. Many times, County programs are compared to other jurisdictions or other programs that are proven to be effective.

The Auditor's Office also completes other types of projects intended to improve the performance of the County, such as the annual Service Efforts and Accomplishments and the biennial Financial Condition reports. The Office follows government auditing standards recommended by the U.S. General Accounting Office.

In FY03, the Office completed seven projects. One was a follow up report on the progress the County has made in making the changes that were recommended in a previous audit.

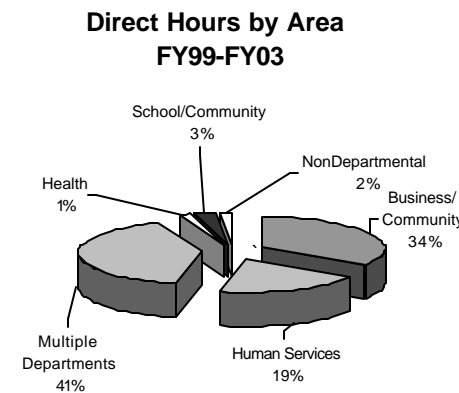


In FY03 actual expenditure for the Office was \$767,260. Most spending was for personnel (83%). In the Office, there were six auditors who collectively had 79 years of auditing experience, six advanced degrees, and five professional auditor certifications.

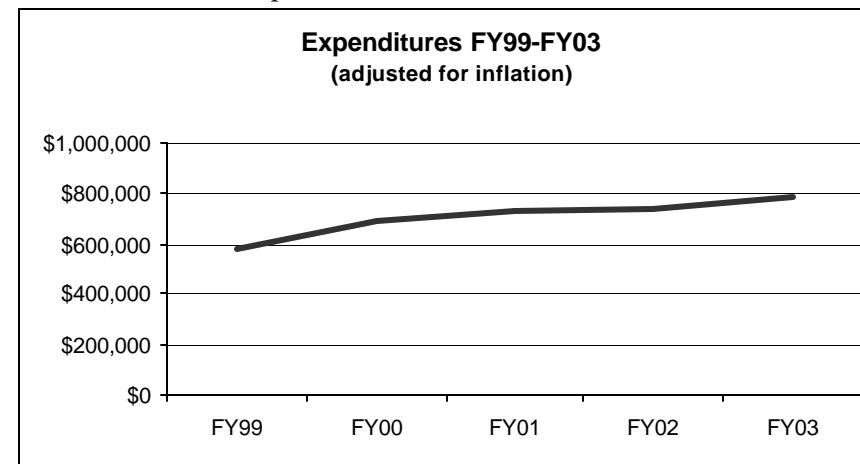


Trends

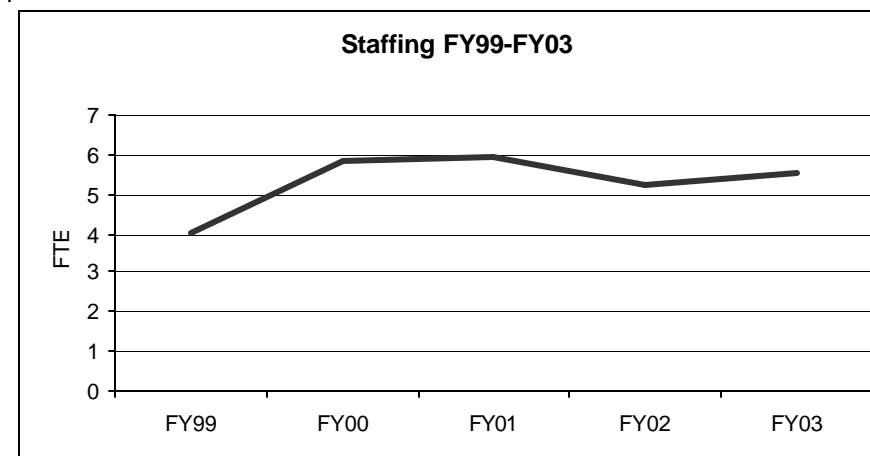
Each fiscal year, the Office develops an audit schedule. Audit areas are selected based upon potential savings or improvement, interest of the County Commissioners or public, evidence of problems, potential for loss or risk, time since last audit and audit staff resources. Many audits involve several departments in the County. The chart shows the distribution of audit hours by departments in the last five years. Work that involved examining more than one department accounts for the largest percentage.



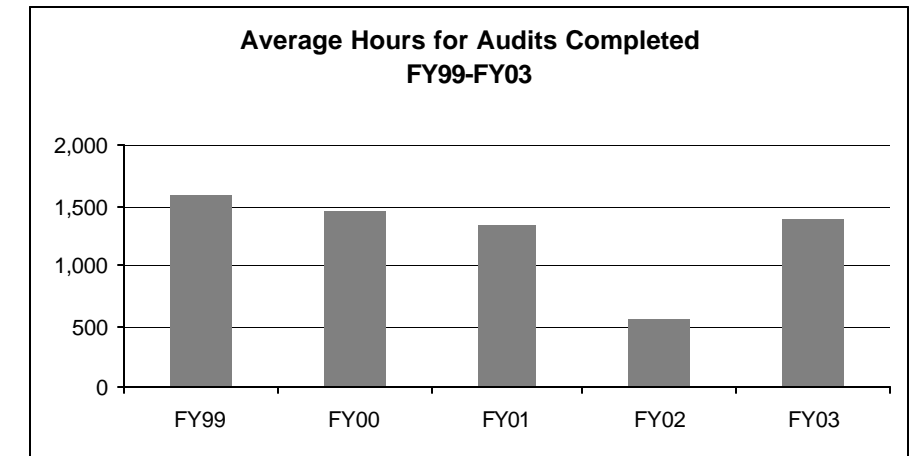
Once adjusted for inflation, total spending has increased 35% since FY99. The addition of an auditor position in FY99 and increases in internal business and insurance costs explains most of the increase.



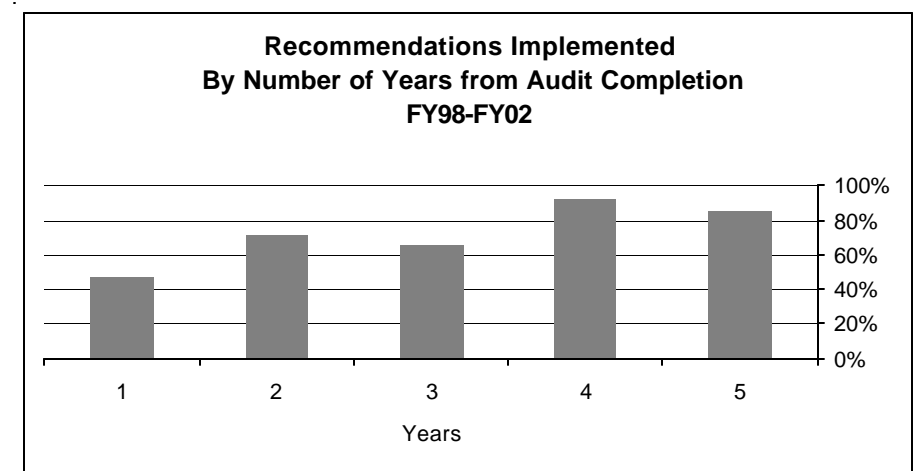
In FY99 the number of auditor positions increased from five to six. Changes in staffing levels in FY99 were also affected by the transition to a newly elected auditor. The decrease in audit staff full-time equivalent (FTE) in FY02 and FY03 reflects a reduction in staff hours.



Audit projects vary considerably by topic and complexity. As a result, the time that it takes to complete an audit can also vary. In FY03 the Office completed an audit of the County's capital construction process, one of the largest audits ever undertaken. It took three auditors over the course of three fiscal years almost 3,900 hours to complete the audit. 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.



Audit recommendations are either to improve the efficiency or the effectiveness of County operations. How quickly a recommendation is implemented depends upon the complexity. The chart below shows that by the fourth and fifth years after an audit is completed from 85% - 90% of the recommendations were implemented.



To improve the Office's effectiveness, departments and agencies are asked to report annually on the status of recommendations for a five year period after the audit is completed. The Office also conducts formal audit follow-up one to two years after the audit is concluded. At that time additional suggestions are made to increase the likelihood that recommendations will be followed. The Office also surveys auditees once an audit is completed to determine how the audit process can be improved.

October 1, 2003

Dear Citizens of Multnomah County,
This year began my second term as the County's elected auditor. I was pleased to be given the opportunity to continue several initiatives I had started.

The mission of the Office is to ensure that County government is honest, efficient, effective, equitable, and fully accountable to its citizens. In the last fiscal year, we completed work in the following areas:

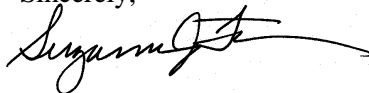
- Follow-up on our Public Guardian Audit
- Capital Construction
- Service Efforts & Accomplishments: Health and Social Services
- Mental Health System
- Workplace Safety
- 2002 Citizen Survey
- Financial Condition 2002
- Citizen Involvement

This year was also one of professional accomplishment for our Office. For the second time, we were recognized nationally and received an award from the National Association of Local Government Auditors for the best audit of 2002 in the medium shop category.

We are currently working on audits of library services, human resources, and building leases; a follow-up on our audit on homeless youth services; and our fourth annual report to citizens on Service Efforts and Accomplishments.

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 is intended to be 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

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M 902
Multnomah County Auditor
501 SE Hawthorne Room 601
Portland OR 97214

Multnomah County Auditor

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