

FOR THE PURPOSE OF AMENDING METRO CODE)	ORDINANCE NO. 00-875
SECTION 2.15 TO DEFINE AUDIT REPORTING)	
AND RELEASE STANDARDS)	Introduced by David Bragdon, Presiding
)	Officer

WHEREAS, Metro Code Section 2.15.040(b) currently provides that audits shall be conducted in accordance with government auditing standards applicable to financial and performance audits; and

WHEREAS, a need for a clear definition of certain audit documentation reporting standards is critical for internal and external accountability and consistency; and

WHEREAS, Metro Code Section 2.15.060 currently specifies that the auditor will provide final audit reports to the presiding officer and executive officer prior to releasing the report to the public; and

WHEREAS, Metro Code Section 2.15.060 intends, but does not clearly state, that draft audits shall not be released to the public; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. Metro Code Section 2.15.040(b) is amended to read as follows:

2.15.40 Scope of Audits

(b) Audits shall be conducted in accordance with government auditing standards applicable to financial and performance audits. In accordance with these standards, documentation supporting each audit will include, but not be limited to, the following:

(1) A written audit plan, including documentation of key decisions about audit objectives, scope, and methodology and the auditor's basis for those decisions

(2) An audit report containing objectives, scope, and methodology; audit results; recommendations; statement on auditing standards; compliance with laws and regulations; management controls; views of responsible officials; noteworthy accomplishments; issues needing further study; and privileged and confidential information

(3) An audit findings report stating the conditions, criteria, effects, and causes associated with each recommendation

(4) An audit tracking report stating the original scope of the audit; the estimated hours required to complete the audit; the estimated cost to complete the audit, including contracts with outside individuals; changes in the scope and adjusted costs; and a final notation of hours spent and overall cost to the agency.

(Ordinance No. 95-610A, Sec. 1)

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2. Metro Code Section 2.15.060 is amended to read as follows:

2.15.60 Audit Reports

Each audit conducted by the auditor shall result in a final written audit report. ~~These final audit reports shall be made available to the public. The final audit report will include the written responses of the audited entity before it is released to the public.~~ The auditor shall provide the final audit report, which will include the written responses of the audited entity, to the presiding officer and the executive officer prior to releasing the report to the public. Draft audit reports will not be released to the public or to media representatives prior to the release of the final audit report as outlined above. Once the final audit report has been released, draft audits and working papers will be considered public information.

ADOPTED by the Metro Council this _____ day of _____, 2000.

WITHDRAWN

David Bragdon, Presiding Officer

ATTEST:

APPROVED AS TO FORM:

Christina Billington, Recording Secretary

Daniel B. Cooper, General Counsel

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE 00-875 FOR THE PURPOSE OF AMENDING METRO CODE SECTION 2.15 TO DEFINE AUDIT REPORTING AND RELEASE STANDARDS

Date: 7 September 2000

Prepared by: Peggy Coats

BACKGROUND

Over the years, there have been inconsistencies in methods of preparing and releasing audits, and internal disagreement regarding the interpretation of Metro code section 2.15, governing the activities of the auditor's office and the scope of audit reports. As a result of these difficulties, a need has developed to create greater clarification in regards to audit scope, reporting, and release standards.

ANALYSIS/INFORMATION

Metro Code section 2.15 provides for standards and definitions relating to the office of Metro Auditor, including independence, funding, audit scheduling, scope of audits, access to records and property, audit reports, responses to audit reports, external audits, and reports of irregularities. All of the provisions of this section were created through Ordinance 95-610A, Section 1.

Section 2.15.060 currently specifies that "...final audit reports shall be made available to the public. The final audit report will include the written responses of the audited entity before it is released to the public. The auditor shall provide the final report to the presiding officer and the executive officer prior to releasing the report to the public." This language is ambiguous, and could be interpreted to mean that it is permissible to release draft audits prior to final reports being made available to Metro officials.

Section 2.15.040(b) states that "Audits shall be conducted in accordance with government auditing standards applicable to financial and performance audits." To achieve uniformity between audit reports, and to provide greater accountability in the event of misunderstandings or disputes regarding audit recommendations, a more concise definition of components to be included in each audit, along with a defined mechanism for tracking the scope and cost of the audit, should be included in the Code.

RECOMMENDED ACTION

That Council approve Ordinance 00-875, For the Purpose of Amending Metro Code Section 2.15 to Define Audit Reporting and Release Standards.