

Internal Audit Department

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PERFORMANCE MEASURE VALIDATION AUDIT OF CLERK OF THE BOARD OF SUPERVISORS 2005 PERFORMANCE INDICATORS

AUDIT No: 2747
REPORT DATE: DECEMBER 10, 2007

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Internal Audit Department

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Internal Audit Department

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Letter from Director Peter Hughes



Transmittal Letter



AUDIT NO. 2747 DECEMBER 10, 2007

TO: Darlene J. Bloom
Clerk of the Board of Supervisors

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Performance Measure Validation
Audit of Clerk of the Board of
Supervisors 2005 Performance
Indicators

We have completed our Audit of the Clerk of the Board of Supervisors Performance Indicators for the 2005 Results included in the 2007 Business Plan. The final Internal Auditor's Report is attached.

In developing our PMV audit program we benchmarked with Maricopa County, Arizona Internal Audit Department's Performance Measure Certification program. Maricopa County has been conducting their certification program for over five years and has received several awards and has been referred to as the "gold standard" of performance measurement auditing by the Government Accounting Standards Board (GASB). Our approach closely mirrors the award winning approach developed by the Maricopa County Internal Audit Department.

Each month I submit an **Audit Status Report** to the BOS where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Please feel free to call me should you wish to discuss any aspect of our audit report.

Additionally, we will request your department complete a **Customer Survey** of Audit Services. You will receive the survey shortly after the distribution of our final report.

Other recipients of this report listed on the Internal Auditor's Report on page 2.

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Clerk of the Board of Supervisors
2005 Performance Indicators
Audit No 2747*

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INTERNAL AUDITOR'S REPORT

AUDIT No. 2747

DECEMBER 10, 2007

TO: Darlene J. Bloom
Clerk of the Board of Supervisors

SUBJECT: Performance Measure Validation Audit of
Clerk of the Board of Supervisors 2005 Performance
Indicators

Audit Highlight

Based on our audit of the 2005 Results reported in your 2007 Business Plan, we rated 50 percent of your reported Key Outcome Indicator Results as 5 Star.

Scope of Review

We have completed our Audit of the Clerk of the Board of Supervisors Performance Indicator Results for 2005 included in the 2007 Business Plan. Our audit included obtaining an understanding of the methodology in place for collecting and reporting Outcome Indicator Results by interviewing key personnel, observations, and reviewing source documentation. Our audit scope did not include an assessment of the appropriateness of your Outcome Indicators based on your mission, goals and objectives.

We have initiated our performance measure audits at the request of the Audit Oversight Committee. Our approach is to review performance results, assign validation ratings, report conclusions, and make recommendations. Our validation program is designed to provide assurance to the Board of Supervisors, the County Executive Officer, and you and other stakeholders that reported Outcome Indicators are reliable and can be utilized in decision making covering Government resources with confidence.

In developing our PMV audit process we benchmarked with Maricopa County, Arizona Internal Audit Department's Performance Measure Certification program. Maricopa County has been conducting their certification program for over five years and has received several awards and has been referred to as the "gold standard" of performance measurement auditing by the Government Accounting Standards Board (GASB). Our approach closely mirrors the award winning approach developed by the Maricopa County Internal Audit Department.

We conducted our audit in accordance with the Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

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Results

For the Outcome Indicator tested, we reported the results using one of the three Rating Definitions shown below.

Rating Definitions	
5 Star ★★★★★	We found adequate supporting documentation.
4 Star ★★★★	We found adequate supporting documentation with some recommendations for improvement.
3 Star ★★★	We noted opportunities for improvement.

Based on our audit of the 2005 Results reported in your 2007 Business Plan, we rated 50 percent of your reported Key Outcome Indicator Results as 5 Star. We tested all six (6) Key Outcome Indicator Results and rated three (3) as 5 Star and two (2) as 4 Star and one (1) as 3 Star. In our testing, we found that one 4 Star result did not have all the supporting documentation for the reported result. The second 4 Star the outcome indicator was not clearly defined. The 3 Star result did not have supporting documentation. On page 3 we have provided a table (Summary Table – Validation Results) that lists for each Key Outcome Indicator, the reported results, and our rating of the accuracy of Clerk of the Board's results. For the Key Outcome Indicator Results rated 4 Star and 3 Star, we have provided detail, along with recommendations for enhancements over the gathering and reporting of the Outcome Indicator Results in the Detailed Observations, Recommendations and Management Responses section of this report.

Acknowledgment

We appreciate the courtesy and cooperation extended to us during the audit by the personnel of the Clerk of the Board of Supervisors' staff. If we can be of further assistance, please contact me or Eli Littner, Deputy Director at (714) 834-5899 or Alan Marcum, Senior Audit Manager at (714) 834-4119.

Respectfully Submitted,

Dr. Peter Hughes, CPA, Director
Internal Audit Department

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Foreperson, Grand Jury

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SUMMARY TABLE – VALIDATION RESULTS

Clerk of the Board of Supervisors' 2005 Results Stated		Internal Audit Validation		
Key Outcome Indicators	Results	(Highest Rating Possible) 5 Star	4 Star	3 Star
		★★★★★	★★★★	★★★
1. Percent of accurate agenda titles. (COB 2005 Business Plan, pgs. 10 & 19)	COB 99.4% (COB 2007 Business Plan, pgs. 9 & 18)	✓		
2. Percent of accurately completed and timely filed assessment appeals applications. (COB 2005 Business Plan, pgs. 10 & 21)	87.5%. (COB 2007 Business Plan, pgs. 9 & 20)	✓		
3. Percent of assessment appeal claims decided or waived within two-year deadline. (COB 2005 Business Plan, pgs. 11 & 21)	99.7% (still in progress) (COB 2007 Business Plan, pgs. 10 & 20)			✓ (Finding #1 on p. 5)
4. Percentage of assessment appeals hearings held or scheduled within one year of filing. (COB 2005 Business Plan, pgs. 11 & 22)	98.8%. (COB 2007 Business Plan, pgs. 10 & 21)		✓ (Finding #2 on p. 5&6)	
5. Results of customer satisfaction survey (assessment appeals outreach). (COB 2005 Business Plan, p. 22)	Community Outreach (taxpayers) 95%. (COB 2007 Business Plan, p. 21)		✓ (Finding #3 on p. 6)	

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Clerk of the Board of Supervisors' 2005 Results Stated		Internal Audit Validation		
Key Outcome Indicators	Results	(Highest Rating Possible) 5 Star ★★★★★	4 Star ★★★★	3 Star ★★★
6. Results of customer satisfaction survey (All COB Department). (COB 2005 Business Plan, p. 23)	<u>All COB</u> 100% (COB 2007 Business Plan, p. 22)	✓		



DETAILED OBSERVATIONS, RECOMMENDATION AND MANAGEMENT RESPONSES

Finding No. 1 (3 Star)

Clerk of the Board Performance Indicator No. 3: Percent of assessment appeal claims decided or waived within two-year deadline.

Clerk of the Board Stated Results: 99.7% (still in progress)

Internal Audit Department's Finding: The Clerk of the Board Assessment Appeals staff provided a Yearly Statistics 2005 Petition Year Report, printed off the Assessment Tax System (ATS) on 2/6/07, for the period 7/2/05 ~ 7/1/06. This Report includes the final numbers used to calculate the 99.7% for assessment appeal claims decided or waived within the two-year deadline; however, the supporting documentation to support the numbers was not saved. Clerk of the Board Assessment Appeals uses the ATS to record their assessment appeals; unfortunately, the ATS is not capable of pulling up the same information it reported in a prior period so a printed copy or download of the information is necessary to support reported results. The Assessment Appeals staff was only able to provide a list of 119 waivers when there were 516 waivers at the time the Yearly Statistics 2005 Petition Year Report was printed; therefore, the Result for Key Outcome Indicator No. 3 could not be verified.

Recommendation No. 1

We recommend the Clerk of the Board ensure supporting documentation for reported key outcome indicator results in future business plans is retained.

Clerk of the Board Response: Concur. As part of the County's redesign of the current assessment tax system, history markers and reports for accurately reporting all assessment appeals statistics will be incorporated into the new design. In the interim, the Clerk of the Board will maintain those "point in time" data and associated appeal numbers to substantiate the results of this performance measure.

Finding No. 2 (4 Star)

Clerk of the Board Performance Indicator No. 4: Percentage of assessment appeals hearings held or scheduled within one year of filing.

Clerk of the Board Stated Results: 98.8%.

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Internal Audit Department's Finding: The numbers from the Yearly Statistics 2005 Petition Year Report (as noted in Finding No. 1 above) were also used to calculate the 98.8% result for assessment appeal hearings held or scheduled within one year of filing (for the period 7/2/05~7/1/06); however, not all supporting documentation was available to verify the numbers. Although the ATS reflected the same number (439) of assessment appeals scheduled within the period 7/2/05~7/1/06, there were too many updates and changes to the ATS since the Yearly Statistics 2005 Petition Year Report was printed (2/6/07) to verify the total number of appeal hearings held or scheduled within the same period.

Recommendation No. 2

We recommend the Clerk of the Board ensure all supporting documentation for reported key outcome indicator results in future business plans is retained.

Clerk of the Board Response: **Concur.** See remarks in Recommendation No. 1.

Finding No. 3 (4 Star)

Clerk of the Board Performance Indicator No. 5: Results of customer satisfaction survey (assessment appeals outreach).

Clerk of the Board Stated Results: Community Outreach (taxpayers) 95%.

Internal Audit Department's Finding: The key outcome indicator was not clearly stated. We were informed by the Assessment Appeals Manager that the key outcome indicator is referring to the percentage of Assessment Appeals Workshop attendees who agreed on the customer satisfaction surveys that the Workshop was overall satisfactory.

Recommendation No. 3

We recommend the Clerk of the Board ensure key outcome indicators are clearly defined in future business plans.

Clerk of the Board Response: **Concur.** We will review the outreach survey and the department's stated performance measure to ensure that they are aligned and will document scoring results of any survey where an ambiguity may exist.

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ATTACHMENT A: CLERK OF THE BOARD MANAGEMENT RESPONSES



Clerk of the Board of Supervisors

333 W. Santa Ana Blvd., Suite 465
Santa Ana, CA 92701
(714) 834-3453 ** FAX (714) 834-4439

Darlene J. Bloom, CCB
Clerk of the Board

DATE: November 30, 2007

TO: Peter Hughes, Ph.D., CPA
Director, Internal Audit Department

FROM: Darlene J. Bloom, Clerk of the Board

A handwritten signature of Darlene J. Bloom in cursive script.

RE: Performance Measure Validation – Audit No. 2747

RECEIVED
INTERNAL AUDIT DEPARTMENT
2007 DEC 3 AM 7:43

The Clerk of the Board has reviewed the Performance Measure Validation Audit of the 2005 Performance Indicators included in the 2007 Business Plan. Of the six indicators tested, three received a 5-Star rating; two received a 4-Star rating; and one a 3-Star rating. In the three receiving a 4 or 3-Star rating, Internal Audit staff included recommendations to improve the documentation supporting our performance measures.

The Clerk of the Board agrees with your recommendations to improve our documentation standards. Please see the attached audit response for additional implementation details.

We appreciate the professionalism that your staff, Camille Gackstetter, exhibited during the audit process. If you have any questions or need additional information, please contact me directly, or Jamie Ross, Administrative Manager I, at 834-2206.

Attachment



ATTACHMENT A: CLERK OF THE BOARD MANAGEMENT RESPONSES (continued)

Finding No. 1 (3 Star)

Clerk of the Board Performance Indicator No. 3: Percent of assessment appeal claims decided or waived within two-year deadline.

Clerk of the Board Stated Results: 99.7% (still in progress)

Recommendation No. 1: We recommend the Clerk of the Board ensure supporting documentation for reported key outcome indicator results in future business plans is retained.

Clerk of the Board Response: Concur.

As part of the County's redesign of the current assessment tax system, history markers and reports for accurately reporting all assessment appeals statistics will be incorporated into the new design. In the interim, the Clerk of the Board will maintain those "point in time" data and associated appeal numbers to substantiate the results of this performance measure.

Finding No. 2 (4 Star)

Clerk of the Board Performance Indicator No. 4: Percentage of assessment appeals hearings held or scheduled within one year of filing.

Clerk of the Board Stated Results: 98.8 %

Recommendation No. 2: We recommend the Clerk of the Board ensure all supporting documentation for reported key outcome indicator results in future business plans is retained.

Clerk of the Board Response: Concur.

See remarks in Recommendation No. 1.

Finding No. 3 (4 Star)

Clerk of the Board Performance Indicator No. 5: Results of customer satisfaction survey (assessment appeals outreach).

Clerk of the Board Stated Results: Community Outreach (taxpayers) 95%.

Recommendation No. 3: We recommend the Clerk of the Board ensure key outcome indicators are clearly defined in future business plans.



ATTACHMENT A: CLERK OF THE BOARD MANAGEMENT RESPONSES (continued)

Clerk of the Board Response: Concur.

We will review the outreach survey and the department's stated performance measure to ensure that they are aligned and will document scoring results of any survey where an ambiguity may exist.