



MEMORANDUM

TO: County Council
FROM: Council Staff
DATE: January 6, 2026
RE: Performance Audits Ordinance

The 2025 Charter Review Commission submitted Proposition 3, Establishing Performance Audits, to Whatcom County voters in the November 4, 2025 General Election. Proposition 3 was approved by 85.33 percent of voters and these results were certified by the Whatcom County Auditor on November 25, 2025.

Proposition 3 directs the council to develop a program for conducting performance audits with the auditing process to be managed on an ongoing basis by the council.

The attached proposed ordinance was written by council staff and develops code for the county's performance audit process. Council may make any changes to the proposed process as long as the below requirements outlined in Proposition 3 are maintained.

Key elements of Proposition 3:

- The Council must establish by ordinance an independent performance auditing process that resides within the legislative branch by January 1, 2027.
- The Council will determine which audits should be performed and when.
- The intent of the audits is to review, evaluate, and report on aspects of county government, including making recommendations on the following:
 - The integrity of the county's financial management system
 - The accuracy of financial record keeping
 - Compliance with applicable laws, policies, guidelines, and procedures
 - The efficiency of operations and programs
- The performance audits are intended to "transparently, effectively, and responsibly steward public resources."
- The audits will be conducted by an independent contractor(s) in accordance with accepted auditing standards. Selection of auditors shall be via open, competitive, and transparent service contracts in accordance with state procurement law.
- Starting in 2029, and every two years thereafter, the executive must report to council on the implementation of the approved recommendations from each performance audit, including achieved cost savings and expected return on investment.

The exact language approved by voters appears on the following page.

The draft ordinance adds additional detail, including how audits will be approved by council, an outline of the procurement process for selecting third-party auditors, and language requiring county employees to fully cooperate with auditors.

From the Whatcom County Auditor's 2025 General Election Voter's Guide

Whatcom County

Proposition No. 3

Establishing Performance Audits

Questions: Phone - (360) 778-5010

Email - council@co.whatcom.wa.us

Complete text on page 83

Language on the Ballot:

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to establish a process for performance audits. This measure would amend Article 2 of the Whatcom County Charter to require the County Council establish a county performance auditing process to review, evaluate, and report on various aspects of county government. This process would be conducted by an independent contractor. The process would begin by January 1, 2027 and be performed afterwards as needed. The County Executive would be required to make a report to Council about the implementation of recommendations from the performance audit.

Should this proposal be:

Approved/Rejected

Explanatory Statement:

Currently, there is no provision in the County Charter for performance audits. If adopted, this Amendment would require the County Council to establish a performance auditing process for the purpose of reviewing the integrity of the county's financial management system, the accuracy of financial record keeping, compliance with applicable laws, and the efficiency of operations. This process will start by 2027, and will be performed by an independent contractor in accordance with accepted auditing standards. Starting in 2029, and every two years after that, the Executive must report to the Council on the implementation of recommendations from performance audits.

Amending Language to the Whatcom County Charter**Adds a New Section: 2.70 Performance Audits**

The county council may conduct or cause to be conducted audits of financial operations of the county government or any portion thereof. The county council may conduct or cause to be conducted periodic performance and program audits to review the effectiveness and efficiency of the programs and operations of the county. Annual audits shall continue to be performed by the state in accordance with general law. Performance audits will be conducted with the goal of transparently, effectively, and responsibly stewarding public resources.

Adds a New Section: 2.80 Performance Auditing Process

The county council shall establish by ordinance within the legislative branch an independent county performance auditing process for the purpose of reviewing, evaluating, and reporting on the integrity of the county's financial management system, the accuracy of financial record keeping, compliance with applicable laws, policies, guidelines, and procedures, and the efficiency and effectiveness of operations and programs. The process shall commence functioning no later than January 1, 2027 and shall contain the responsibilities expressed in this section as well as those established by ordinance. Performance auditing shall be conducted via open, competitive, and transparent service contracts in accordance with RCW 39.26. Selected contractors shall have appropriate professional credentials, legal authority for access to records, adequate funding, and shall use generally accepted accounting/auditing standards. Selected contractors shall adhere to Generally Accepted Government Auditing Standards, promulgated by the United States Government Accountability Office, in conducting their work and shall be considered independent as defined by those standards. Performance audits shall be conducted on an as-needed basis. Beginning January 1, 2029 and biennially thereafter, the County Executive shall report back to the Council on the implementation of approved performance audit recommendations including achieved cost-savings and expected return on investment.