

Office of the County Internal Auditor

Audit Committee New Member Orientation



AGENDA

- Introduction
- Internal Audit Process
- Role of Audit Committee
- Developing Effective Audit Committees

Resources, including this presentation, available online.

www.deschutes.org/administration/page/audit-committee-information

INTRODUCTION

- Internal Audit Staff
- Audit Committee
- Board of County Commissioners
- Administration
- External Auditors

Internal Audit Staff

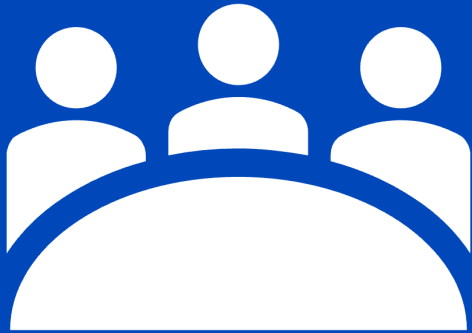


Elizabeth Pape, County Internal Auditor

- Deschutes County Employees
- Report to the Audit Committee
- Performance Auditors, Not CPAs
- Conduct audits, administer whistleblower hotline, limited non-audit services.
- Audit Code: [DCC 2.14](#)
- [More about us](#)



Audit Committee



- Nine Members—6 Public and 3 Employees
- Advises the Board of Commissioners
 - Selection and oversight of external (contract) and internal (staff) auditors
 - Proposes budget for internal audit
 - Work plan for internal audit
- Audit Committee Code: [DCC 2.15](#)
- [More about the committee](#)



Board of County Commissioners



Tony DeBone, Chair



Phil Chang

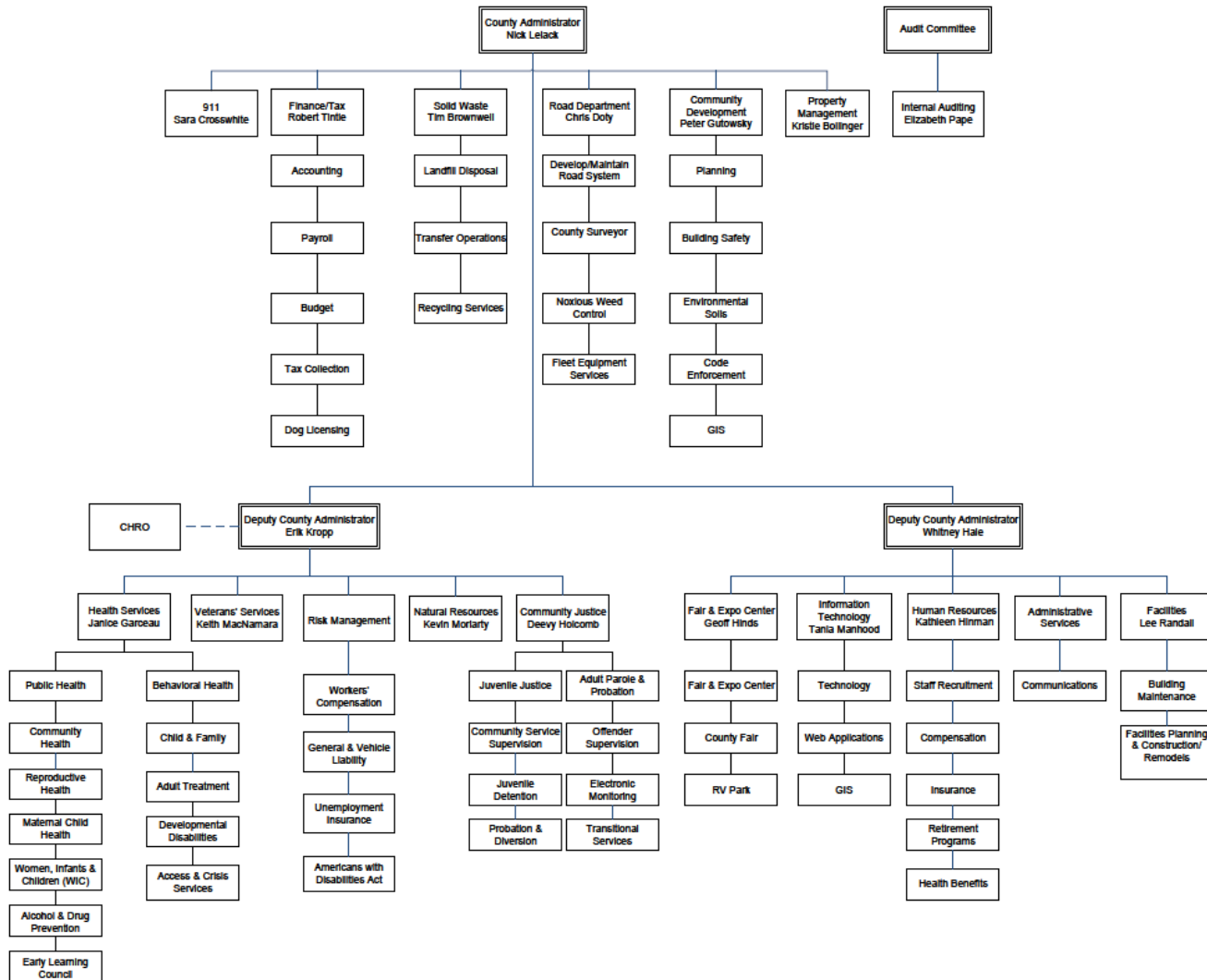


Patti Adair

- Legislative and quasi-judicial authority over countywide policy
- Establishes budget
- Appoints County Administrator to oversee operations
- [More about the board](#)



County Administration



- Operate the County
- Also elected offices
- Auditees (subjects of audits)
- Responsible for internal control, performance, and compliance
- For more see: [Departments Drop Down](#)



External Auditors—bakertilly



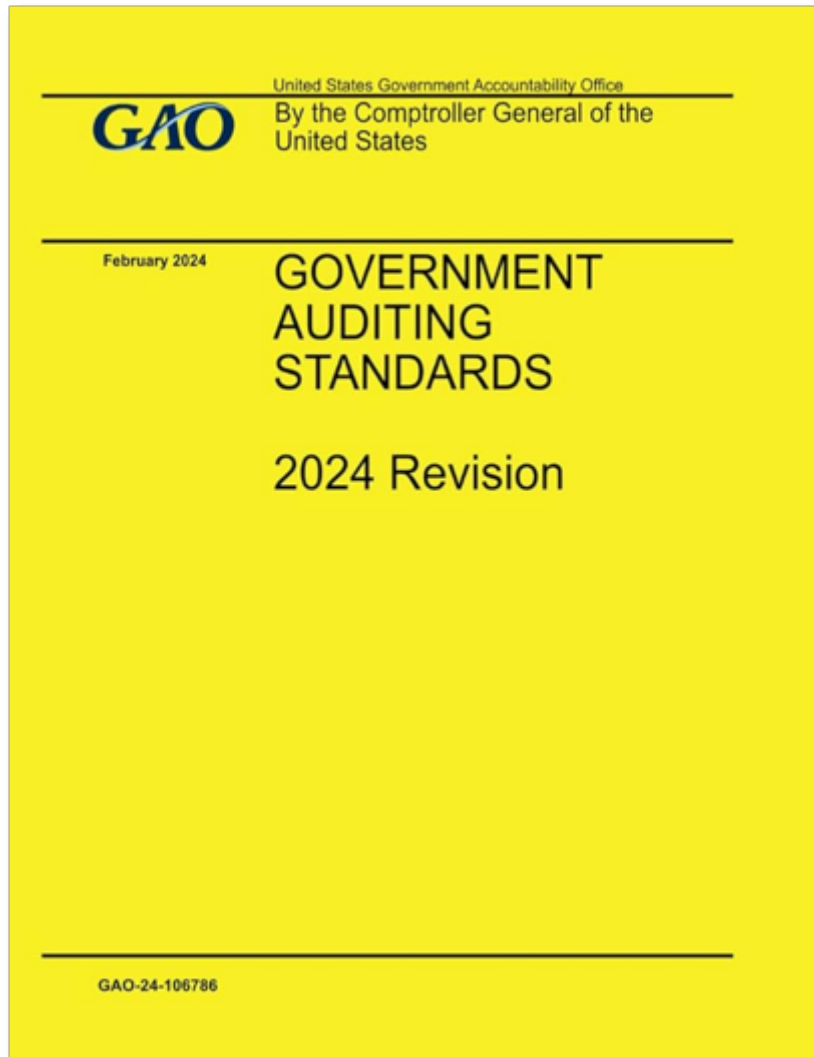
- Certify financial reports
- Compliance Oregon Minimum Audit Standards
- Single Audit for federal grants
- [2024 Annual Financial Report](#)
- [More about bakertilly](#)



INTERNAL AUDIT PROCESS

- Government Auditing Standards—Quality
- Risk Assessment and Audit Plan
- Audit Process
- Findings
- Reporting and Follow-up
- Goals and Performance

Government Auditing Standards



Performance auditing is more than an opinion

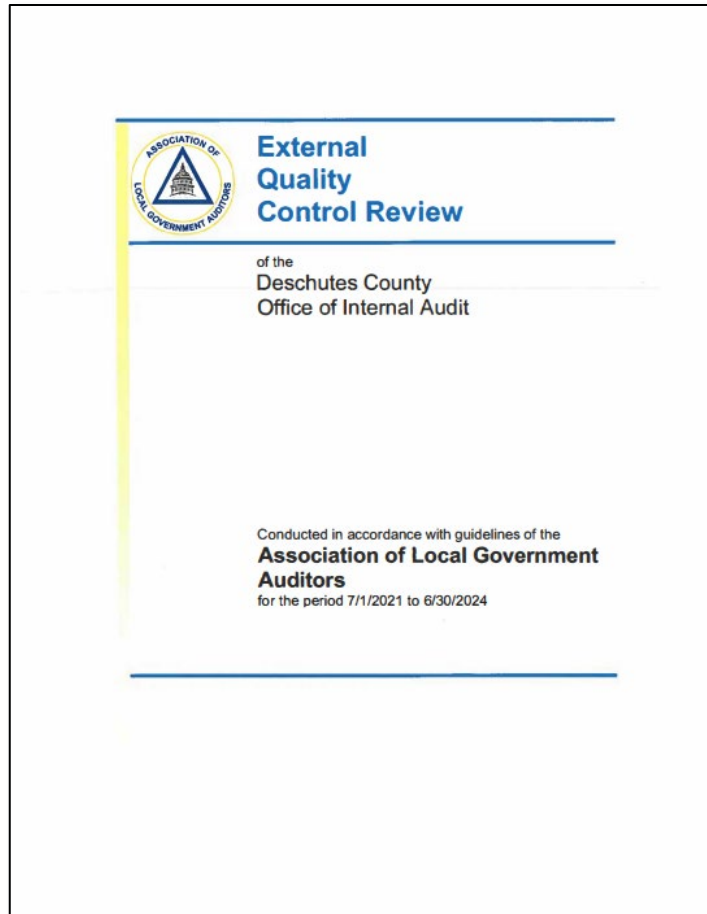
...**evaluation** of evidence against criteria

...**objective analysis** to help management **improve** program performance, reduce costs, initiate corrective action, contribute to public accountability.

[Link to Standards](#)



Quality



- Validate evidence
- Quality control review
- Annual internal quality review
- External peer review every three years
- [For last peer review](#)



Risk Assessment and Audit Plan



To: County Audit Committee, Nick Lelack, Department Heads and Elected Officials

From: Elizabeth Pape – County Internal Auditor

Date: 6/17/25

The Audit Committee adopted the following audit project plan at the June 13, 2025 meeting.

Fiscal Year 2026 and 2027 INTERNAL AUDIT PROJECT PLAN

CARRYOVER PROJECTS

Status	Audit Description
In process/ Carryover (FY 24 / FY 25)	1. Work in process: Election Controls (~350 hrs)
	2. Work in process: Sheriff Auto and Body Cameras (~430 hrs)
	3. Work in process: Houselessness Response (~250 hrs)
	4. Recruitment and Retention (~450 hrs)

NEW PROJECTS (by estimated fiscal year)

Status	Timing	Area / Audit Description
	FY 26	5. Integrated Audits (~300 hrs.) 2 audits Information Technology Department (~150 hrs), Solid Waste Department (~150 hrs)
	FY 26	6. Finance Department Procurement (~200 hrs)
	FY 26	7. Facilities Department Courthouse Reconstruction post- construction (~400 hrs)
	FY 27	8. Integrated Audits (~1500 hrs) 1 audit Community Development (~150 hrs)
	FY 27	9. Natural Resources Wildfire (~300 hrs)
	FY 27	10. Performance Measures (Administration and Countywide) (~300 hrs)

- Risk guides all work
- Audit Committee and Department Input
- [Bi-annual Plan](#)
- [More on Risk Assessment](#)



Audit Process



- Extensive management involvement at each stage
- [More on Audit Process](#)



Findings



EFFECT-Bad outcome. Likelihood times impact.



CRITERIA-Regulations, goals, policies, benchmark, laws, etc.



CONDITION-Performance. Description of current practice.



CAUSE-Something management controls. Internal control.



RECOMMENDATION-Addresses the cause.



Reporting and Follow-up



Management addressed risk.
Auditors will no longer monitor.



Recommendations are in
progress. Auditors will continue
to monitor.



Management accepted the risk of
not implementing the
recommendation.

- Impacts: Improvement and Change
- [Read Reports](#)



Complete the survey!!!!



Goals and Performance

1.

Increase public trust in Deschutes County government.

2.

Be a trusted advisor to Elected officials and County management.

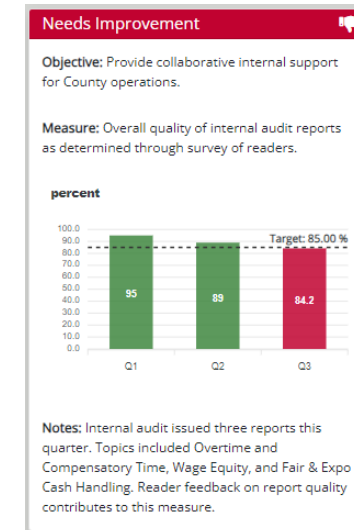
3.

Create positive change in County Government

4.

Strengthen team knowledge, skills, and fulfillment.

- Reader survey
- % of recommendations agreed to by management
- Working on new measures



Benchmark: 4.25



ROLE OF AUDIT COMMITTEE

- Meetings
- Activities
- Proactive oversight

Meetings



Audit Committee

Friday, June 14, 2024
12:00 p.m.

Via Zoom: <https://us02web.zoom.us/j/84593228389>

Meeting ID: 845 9322 8389 Passcode: None

Deschutes County Administration Services Building,
2nd Floor, Allen Conference Room

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- I. Call to Order
 - II. Introductions/Notices
 - III. Review/Approve minutes from March 8, 2024, meeting
 - IV. Special Topics
 - a. External Audit Plan for Fiscal Year 2024—Moss Adams
 - V. Internal Audit Report
 - a. Custom Software Development: [Presentation](#) and [Report](#)
 - b. Clerk's Office Integrated Audit: [Presentation](#) and [Report](#)
 - c. Follow-Ups
 - Continuity of Operations Plans: [Presentation](#) and [Report](#)
 - d. [Status Report](#)
 - In-process and Upcoming
 - County Legal Integrated Audit
 - Courthouse Pre-Construction
 - Health Benefits
 - Recreational Vehicle Park Integrated Audit
 - VI. Other Discussion Items
 - a. [Proposal for Internal Auditor Annual Performance Review, Communication, and Interim Form](#)
 - b. [Audit Committee Survey Results Next Steps](#)

- Even number months
- Management attends all
- External auditors in June and December
- Board of Commissioners in December
- Materials and agenda in advance



Activities

1. Oversee audit of financial statements
2. Assure coordination between external and internal audit
3. Ensure internal audit performs its functions by reviewing
 - a) the ordinance every other year
 - b) proposed audit work plan
 - c) budget and staffing levels
 - d) reports
 - e) Office goals
 - f) quality assurance reviews
 - g) the internal auditor's performance
4. Make recommendations
5. Report annually to the Board of Commissioners on activities and recommendations

Per DCC 2.15.040



Proactive Oversight



You could just check all those
boxes.

But the audit function is about
more than curb appeal and
window dressing.



DEVELOPING AN EFFECTIVE AUDIT COMMITTEE

- Tone at the top
- Independence
- Communication
- Trust

Tone at the Top

“The oversight body and management

demonstrate the importance of integrity and ethical values through their directives, attitudes, and behavior....

set the tone at the top and throughout the organization by their example, which is fundamental to an effective internal control system....

reinforce the commitment to doing what is right, not just maintaining a minimum level of performance necessary to comply with applicable laws and regulations, so that these priorities are understood by all stakeholders, such as regulators, employees, and the general public.”

Standards for Internal Control in the Federal Government



Independence

“Auditors and audit organizations maintain their independence so that their opinions, findings, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by reasonable and informed third parties.”

Government Auditing Standards

Office
Independence
Undue Influence

Committee
Independence
Conflicts of Interest



Communication



- **Board of County Commissioners:** Annual report, testify at meetings, or other communications
- **Management:** Questions either during or outside of committee meetings
- **Community Members**
- **Audit staff:** Contact us anytime. We're always happy to talk to you.



Trust

“Public trust in government near historic lows”

Pew Research Center

Audit is an opportunity to build trust by creating a communication channel between the public and management based on sound evidence and independence.

