

Dated this 7th of January, ~~2012~~ ²⁰¹³

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

voted - no -

ANTHONY DEBONE, Chair

Alan Unger

ALAN UNGER, Vice Chair

Tammy Baney

TAMMY BANEY, COMMISSIONER

ATTEST:

Bonnie Baker

Recording Secretary

Date of 1st Reading: 17th day of December, 2012.

Date of 2nd Reading: 7th day of January, 2013.

Record of Adoption Vote

Commissioner	Yes	No	Abstained	Excused
Anthony De Bone	<u> </u>	<u>✓</u>	<u> </u>	<u> </u>
Alan Unger	<u>✓</u>	<u> </u>	<u> </u>	<u> </u>
Tammy Baney	<u>✓</u>	<u> </u>	<u> </u>	<u> </u>

Effective date: 8th day of April, 2013.

ATTEST:

Bonnie Baker

Recording Secretary

EXHIBIT "A"

Chapter 2.14. COUNTY INTERNAL AUDITOR

- 2.14.010. Appointment of County Internal Auditor.**
- 2.14.020. Qualifications of County Internal Auditor.**
- 2.14.030. Scope of Audits.**
- 2.14.040. Internal Audit Schedule.**
- 2.14.050. Funding.**
- 2.14.060. Access to Employees, Records and Property.**
- 2.14.070. Audit Reporting and Records.**
- 2.14.080. Contract Auditors, Consultants and Experts.**
- 2.14.090. Quality Assurance Review.**

2.14.010. Appointment or dismissal of County Internal Auditor.

The County Internal Auditor shall be appointed by or dismissed by the County Administrator in consultation with a majority of the public members of the Audit Committee and an affirming majority vote of the BOCC.

2.14.020. Qualifications of County Internal Auditor.

The County Internal Auditor shall possess adequate professional proficiency, demonstrated by relevant certification, such as CPA (Certified Public Accountant), CIA (Certified Internal Auditor), CGAP (Certified Government Auditing Professional) or a combination of education and experience as would be desired by the County.

2.14.030. Scope of Audits.

1. The County Internal Auditor shall conduct work in accordance with government auditing standards and county policies. The County Internal Auditor shall establish internal auditing policies and procedures to assure that audit work is completed in accordance with those standards. Any audit work that is undertaken not in compliance with standards shall be disclosed in the County Internal Auditor's report.
2. The County Internal Auditor shall have authority to conduct financial, attestation, and performance audits of all departments, offices, boards, activities and agencies of the County in order to independently and objectively determine whether:
 - a. activities and programs being implemented have been authorized by County Code or adopted policy, state law or applicable federal law or regulations;
 - b. activities and programs are being conducted as prescribed by management/governing body to accomplish the objectives intended by County Code, state law or applicable federal law or regulations;
 - c. activities or programs efficiently and effectively serve the purpose intended by County Code, state law or applicable federal law or regulations;
 - d. activities and programs are being conducted and funds expended in compliance with applicable laws;

- e. revenues are being properly collected, deposited and accounted for;
 - f. resources, including funds, property and personnel, are adequately safeguarded, controlled and used in an effective and efficient manner;
 - g. financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities and that is necessary to establish a proper basis for evaluating the programs and activities;
 - h. there are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; and
 - i. there are indications of fraud, abuse or illegal acts, which need further investigation.
3. The County Internal Auditor may also provide non-audit services (consulting) that are not covered by governmental auditing standards. Non-audit services differ from audits in that the County Internal Auditors may
- a. Perform tasks requested by management that directly support the entity's operations;
 - b. Provide information or data to a requesting party without providing verification, analysis or evaluation.

These non-audit services should be approved by the County Administrator. The County Internal Auditor should continue to work independently (in fact and appearance) when performing non-audit services. The County Internal Auditor will decide and advise the County Administrator if the non-audit work may jeopardize independence and whether the work should be performed.

4. The County Internal Auditor needs to consider three general classes of impairments to independence—personal, external, and organizational. If one or more of these impairments affects the County Internal Auditor's capability to perform the work and report results impartially, that County Internal Auditor should either decline to perform the work, or in those situations because of a legislative requirement or for other reasons, cannot decline to perform the work, should disclose the impairment in their report.

The County Internal Auditor should not perform management functions or make management decisions. Performing management functions or making management decisions might impair the County Internal Auditor's ability to perform audits of that or a related subject matter.

2.14.040. Internal Audit Schedule.

At the beginning of each calendar (or fiscal) year, the County Internal Auditor shall submit a one to five-year audit work schedule to the Audit Committee for approval. This audit work schedule should incorporate information from multiple sources including the County Internal Auditor's assessment of significant risks to the organization and input from Management, Audit Committee, and the Board of County Commissioners. The schedule shall include the proposed plan for auditing departments, offices, boards, activities, subcontractors and agencies for the period. The schedule may be amended. Additionally, the County Internal Auditor (for cause) may spontaneously initiate and conduct any other audit deemed necessary. Any significant changes (an expectation of scope of work changing by more or less than 150 hours) to the work plan for audit or non-audit projects should be approved in advance by the County Administrator and, except in cases of emergency, the Audit Committee.

In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the County Internal Auditor should consult with external auditors so that the desirable audit coverage is provided and audit effort is properly coordinated.

2.14.050. Funding.

The County shall provide sufficient funds to enable the County Internal Auditor to carry out the responsibilities specified herein subject to annual appropriation by the BOCC.

2.14.060. Access to Employees, Records and Property.

1. All officers and employees of Deschutes County shall furnish the County Internal Auditor with unrestricted access to employees, information and records (including electronic/computerized data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the County Internal Auditor to inspect all property, equipment and facilities within their custody. A discussion of appropriate access should occur with County Counsel if access to documents is restricted by applicable law.
2. Further, all contracts with outside contractors and subcontractors shall provide the County Internal Auditor access to the contractually related financial and performance-related records; property, equipment and services purchased in whole, or in part, with governmental funds
3. If such officers, employees or contractors fail to produce the aforementioned access and/or information, the County Internal Auditor with the aide of County Legal Counsel may initiate a search (or obtain a subpoena) to obtain exhibit copies (physical or electronic) from computerized systems, book, paper or record of any such official or employee, or outside contractor or subcontractor, in accordance with state law or the applicable contract.
4. Subject to public records laws, the County Internal Auditor shall not publicly disclose any information received during an audit that is considered confidential by any local, state or federal law or regulation. The County Internal Auditor shall maintain the confidential status of information and records furnished by County officers and employees.

2.14.070. Audit Reporting and Records.

1. Each audit will result in a report containing relevant background information and findings and recommendations, and shall communicate results to the Board of County Commissioners, Audit Committee, and appropriate management. Subject to applicable public records laws, the report shall also be available for public examination. If certain pertinent information is prohibited from general disclosure, the audit report should state the nature of the information omitted and the requirement that makes the omission necessary.
2. The County Internal Auditor should follow state archive guidelines as appropriate and as identified under OAR 166-150-0005(4) (currently - a retention schedule of 10 years).
3. The County Internal Auditor should periodically report to the Audit Committee (and Board of County Commissioners) on the work performed and any significant findings, which have not been fully addressed by management.
4. The County Internal Auditor shall follow-up on audit recommendations, as practical, to determine if management is implementing corrective action as identified in their response to the audit report findings and recommendations. The County Internal Auditor may request periodic status reports from auditees regarding actions taken to address reported deficiencies and audit recommendations.

2.14.80. Contract auditors, consultants and Experts.

1. Within budget limitations and approval by the County Administrator, the County Internal Auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform auditor duties. An audit that is performed by contract must be conducted by persons who are independent of the governmental unit and its officers. The County Internal Auditor will coordinate and monitor auditing performed by public accounting, professional experts, or other organizations employed under contract by Deschutes County.
2. The County Internal Auditor may participate with the Audit Committee in the selection of qualified finalists for the provider of Deschutes County's annual financial audit. The Audit Committee shall select a provider from the finalists. This selection shall be presented to the Board of County Commissioners for review and approval. The process will follow Deschutes County's contracting processes.

2.14.090. Quality Assurance Reviews.

1. The audit activities of the County Internal Auditor's office shall be subject to quality review in accordance with applicable government auditing standards by a professional, non-partisan objective group (such as the Association of Local Government Auditors (ALGA)). A copy of the written report of this independent review shall be furnished to the Audit Committee and the Board of County Commissioners. This report shall be available to the public.
2. The quality control review shall determine compliance with government auditing standards and the quality of the audit effort and reporting, including:
 - a. general standards such as competence, professional judgment, and quality assurance;
 - b. fieldwork standards such as planning, supervision, and evidence; and
 - c. reporting standards such as report content, timeliness and distribution.
3. The County shall reimburse the costs of the quality control review team from funds budgeted in the County Internal Auditor's budget. Within available time constraints, the County Internal Auditor may reciprocate with other organizations by participation in quality control teams.

(Ord. 2011-004, Ord. 2005-014 §1, 2005)

EXHIBIT "B"

Chapter 2.15. COUNTY AUDIT COMMITTEE

- 2.15.010 Authority.
- 2.15.020. Composition.
- 2.15.030 Meetings.
- 2.15.040. Responsibilities.

2.15.010. Authority.

- A. The Board of County Commissioners ("Board") hereby establishes the Audit Committee as an advisory committee. The committee shall advise the Board and County Administrator on significant audit matters including, but not limited to:
 - 1. The selection, compensation, and removal of external auditors hired to audit the financial statements for the County and its related entities;
 - 2. Consultation with the County Administrator or Board regarding the appointment or dismissal of the County Internal Auditor should include a consultation with a majority of the public members of the audit committee;
 - 3. Increases and decreases to the requested budget for the internal audit program; and
 - 4. The work plan for internal audits performed under DCC 2.14.040.

2.15.020. Composition.

- A. The audit committee shall be comprised of not less than seven or more than nine members appointed by the Board.
- B. Each member shall be appointed to serve a term of two years. Upon initial formation of the committee, the Board may appoint any member to a shorter term. A member may be appointed to more than one term. The Board may remove a member of the committee at any time. In the event of a vacancy on the committee the Board shall, as soon as practicable, appoint a person to serve the unexpired portion of the former member's term.
- C. The committee shall consist of one (1) member county commissioner, two (2) county department head members, and four (4) to six (6) public members. The County Administrator shall be an *ex-officio* nonvoting member.
- D. A public member shall be a registered voter within Deschutes County. The chair of the committee shall be a public member and shall be selected by a majority of the public members. The chair shall serve a one-year term and may be selected for additional terms. If the public members cannot decide upon a chair, the larger committee shall decide. The chair shall preside over meetings, as well as provide input on topics for the agenda.

2.15.030 Meetings

- A. The audit committee shall meet as the committee deems necessary. A quorum shall constitute a majority of the members appointed. Vacant positions shall not be considered in determining whether a quorum exists. Minutes shall be prepared in accordance with the Oregon Public Meeting Law. The committee may require certain County management attend meetings to address reports being discussed. Auditee departments will be invited to meetings where their internal audit report is discussed.

- B. A department head audit committee member shall not vote on an issue relating to an audit directly pertaining to his or her department. If there is any question as to whether audit committee members should recuse themselves from a vote, the committee should vote to determine whether the member should recuse himself or herself.
- C. The County Internal Auditor shall facilitate and coordinate such meetings, as well as provide ancillary support to the committee, as time permits.

2.15.040. Responsibilities. Responsibilities of the Audit Committee include:

- A. Overseeing the independent audit of the County’s financial statements, including:
 - 1. Overseeing the selection, renewal or removal of the independent external auditor by making a recommendation to the Board for final approval;
 - 2. Meeting with the external auditors during planning of the audit, presentation of the audited financial statements, and discussion of the letter to management on recommendations; and
 - 3. Overseeing the resolution of audit findings in, areas such as internal control, legal and regulatory compliance, and ethics.
- B. The committee shall work to assure coordination between the internal and external auditors, management, the County Administrator and Board.
- C. The audit committee shall ensure the internal audit program performs its function. The committee shall:
 - 1. Review the internal audit ordinance (DCC 2.14) at least every other year;
 - 2. Review proposed internal audit work plans and make recommendations concerning internal audit projects;
 - 3. Review the budget and staffing levels of the internal audit program (DCC 2.14.050);
 - 4. Review internal audit reports and other communications developed for the County;
 - 5. Review and provide input on internal audit program goals; and
 - 6. Review any quality assurance reviews created pursuant to DCC 2.14.090.
 - 7. Discuss and provide input on the County Internal Auditor’s performance review each year.
- D. The committee shall make appropriate recommendations concerning the internal audit program based upon the reviews that it conducts pursuant to subsection C of this section.
- E. The committee shall make an annual report to the Board summarizing the committee’s activities and recommendations. The report may be delivered at an audit committee meeting attended by the Board or may be scheduled for a regularly scheduled meeting of the Board.
- F. The committee shall perform other activities related to this chapter as requested by the Board.

(Ord. 2011-004)
 (Ord. 2009-011 §1, 2009)
 (Ord. 2008-002 §1, 2008)