

PALM BEACH COUNTY
BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: **03/23/2010**

Consent Regular
 Public Hearing

Department:

Submitted By: Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion adopt: An ordinance of the Board of County Commissioners of Palm Beach County, Florida, providing for title; providing for general matters, duties, responsibilities and independence of the County Internal Auditor; providing for repeal of laws in conflict; providing for severability; providing for inclusion in the code of laws and ordinances; and providing for an effective date.

Summary: The Audit Committee has been conducting a review of its duties and responsibilities as well as considering how to enhance the independence of the Committee from the agencies for which it has oversight authority. As part of this review, the Committee also reviewed the duties, responsibility and authority of the County Internal Auditor. The ordinance expands the Internal Auditor's responsibility for monitoring and reporting on operational risks and management's risk control policies and procedures. The ordinance also reinforces the Internal Auditor's independence from the County Administrator. The ordinance also requires that audit reports be posted on the County's internet website. Countywide (PFK)

Background and Policy Issues: As part of its review of its own duties and responsibilities, the Audit Committee also reviewed the authority, duties and responsibilities of the County Internal Auditor which were set forth in Resolution R-2005-0325. That resolution is being repealed in its entirety by the Palm Beach County Internal Audit Committee Charter Ordinance which is a companion to this Ordinance. The Audit Committee determined that separate ordinances addressing the duties, responsibilities and authority of the Internal Auditor and Audit Committee would be appropriate. The Audit Committee determined that the ordinance should re-emphasize the independence of the Internal Auditor from the County Administrator and establish some enhanced reporting and monitoring requirements for the Internal Auditor.

Attachments:

Ordinance

Recommended by: Joseph Bergeron 3.3.10
Internal Auditor Date

Recommended by: [Signature] 3/23/10
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	2011	2012	2013	2014
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	* SEE BELOW				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes X No
 Budget Account No.: Fund 0001 Agency 500 Org. 5000 Object
 Program Number Revenue Source

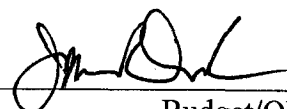
B. Recommended Sources of Funds/Summary of Fiscal Impact:

* No fiscal impact

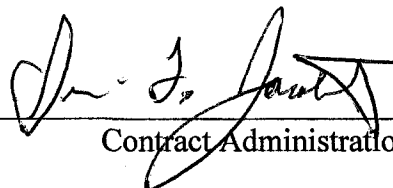
A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:

3-3-10


 Budget/OFMB
3/13/10



 Contract Administration
3/13/10

B. Legal Sufficiency:



 Assistant County Attorney
3/4/10

C. Other Department Review:

 Department Director

1 **ORDINANCE NO. 2010-_____**

2 **AN ORDINANCE OF THE PALM BEACH COUNTY**
3 **BOARD OF COUNTY COMMISSIONERS PROVIDING**
4 **FOR TITLE; PROVIDING FOR GENERAL MATTERS,**
5 **DUTIES, RESPONSIBILITIES AND INDEPENDENCE OF**
6 **THE COUNTY INTERNAL AUDITOR; PROVIDING FOR**
7 **REPEAL OF LAWS IN CONFLICT; PROVIDING FOR**
8 **SEVERABILITY; PROVIDING FOR INCLUSION IN THE**
9 **CODE OF LAWS AND ORDINANCES; AND PROVIDING**
10 **FOR AN EFFECTIVE DATE.**

11 **WHEREAS**, the Office of County Internal Auditor has been established by the Charter
12 of Palm Beach County, Florida; and

13 **WHEREAS**, it is vital that government exercise its power and perform its duties in
14 compliance with law, policy, and established procedures, apply sound management practices,
15 and be held accountable for the use of public funds; and

16 **WHEREAS**, an Internal Audit Committee has been established to carry out certain
17 duties and responsibilities on behalf of the Board of County Commissioners including oversight
18 of and general guidance of the County Internal Auditor; and

19 **WHEREAS**, the Board of County Commissioners has given the authority to the County
20 Internal Auditor to inspect any documents, records, or property, and to make inquiries of and
21 require responses from any county employee and vendors necessary for the County Internal
22 Auditor to carry out the responsibilities set forth below; and

23 **WHEREAS**, internal auditing is an independent, objective assurance and consulting
24 activity designed to add value and improve the government's operations by bringing a
25 systematic, disciplined approach to evaluating and improving the effectiveness of risk
26 management, control, and governance processes.

27 **NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY**
28 **COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:**

29 **SECTION 1 – TITLE.** This Ordinance shall be titled the “Palm Beach County Internal
30 Auditor Ordinance.”

31 **SECTION 2 – GENERAL MATTERS.**

32 A. The County Internal Auditor shall be nominated to the Board of County Commissioners
33 (BCC) by the Internal Audit Committee. A majority vote of the entire membership of

- 1 the BCC is required for either the appointment or dismissal of the County Internal
2 Auditor who shall serve at the pleasure of the BCC.
- 3 B. The County Internal Auditor shall be a person able to manage a professional audit staff,
4 analyze financial records, and evaluate operations for effectiveness, efficiency,
5 economy, program results, and compliance with grants, contracts and BCC directions,
6 policies, and procedures.
- 7 C. The County Internal Auditor shall not be involved in any manner in any political
8 campaign for Palm Beach County elective office nor make financial contributions to any
9 such campaign.
- 10 D. The County Internal Auditor must be a Certified Public Accountant licensed in Florida,
11 a Certified Internal Auditor, or a Certified Government Audit Professional and must
12 currently possess and maintain active licensure (as appropriate) and certification. The
13 County Internal Auditor must also maintain active membership in relevant professional
14 associations such as the American Institute of Certified Public Accountants and the
15 Florida Institute of Certified Public Accountants (if a CPA), the Institute of Internal
16 Auditors, the Association of Local Government Auditors, and/or the Association of
17 Certified Fraud Examiners.
- 18 E. The County Internal Auditor will adhere to Government Auditing Standards, commonly
19 referred to as the Yellow Book or generally accepted government auditing standards
20 (GAGAS), issued by the Comptroller General of the United States.
- 21 F. Unless specifically directed by the BCC, the County Internal Auditor shall not assume
22 any non-audit duties or responsibilities except as enumerated herein.
- 23 G. The County Internal Auditor shall have such assistants and employees as are necessary
24 to perform the duties enumerated herein, subject to normal budgetary constraints.
- 25 H. If the County Internal Auditor detects apparent violations of law or apparent instances of
26 misfeasance or nonfeasance by an officer or employee or information that indicates
27 derelictions may be reasonably anticipated, the County Internal Auditor shall report the
28 irregularities in writing to the BCC, the County Administrator, and the Internal Audit
29 Committee and, when appropriate, immediately notify the appropriate law enforcement
30 authority in addition to those previously cited.

1 I. The County Internal Auditor may conduct audits of County Constitutional Officers and
2 other governmental agencies subject to approval by the Internal Audit Committee under
3 the provisions of Section 3-C – Annual Audit Plan below and subject to BCC approval
4 of an interlocal agreement submitted by the constitutional officer or agency.

5 **SECTION 3 – DUTIES, RESPONSIBILITIES AND INDEPENDENCE OF COUNTY**
6 **INTERNAL AUDITOR.**

7 **A. Authority and Responsibilities** The County Internal Auditor shall have authority
8 to conduct audits of all departments, offices, boards, activities, agencies, contracts, grants,
9 procurements, agreements and other arrangements under the control of the BCC. Such
10 audits may include operational, compliance, performance, management and other audits
11 which are intended to provide reasonable assurance of achievement of objectives in the
12 following areas:

- 13 1. Effectiveness, efficiency and economy of operations;
- 14 2. Measurement and reporting of performance goals, objectives and results;
- 15 3. Reliability and integrity of operating and financial information and the means
16 used to identify, measure, classify, and report such information;
- 17 4. Compliance with applicable laws and regulations, grants and contracts, and BCC
18 directions, policies and procedures; and
- 19 5. Safeguarding assets and critical information.

20 In addition, the County Internal Auditor, in the discharge of his or her duties, is authorized
21 and responsible for engaging in the following types of functions:

- 22 • Engage in prevention activities, including, but not limited to review of rules,
23 regulations, policies, procedures and transactions.
- 24 • Perform consulting services, beyond the Office's assurance services, to assist
25 management in meeting its objectives. These may include, without limitation, process
26 design, training, and advisory services.
- 27 • Keep the Internal Audit Committee informed of emerging risks and situations that
28 may have a significant negative impact to County operations under the BCC's direction.
- 29 • Cooperate with investigations by oversight agencies, law enforcement agencies and
30 the County's Inspector General's Office.

- 1 • Monitor implementation of recommendations made and corrective actions taken.

2 **B. Independence**

3 1. The County Internal Auditor is directly responsible to the BCC. The County
4 Internal Auditor and his or her Office are independent from and not under the
5 direction or control of the County Administrator. The County Internal Auditor's
6 Office staff report directly to the County Internal Auditor.

7 2. The Office of the County Internal Auditor has no direct responsibility to or
8 authority over, any area subject to its audit, review and investigation. The
9 development and implementation of controls is the responsibility of the BCC
10 and County management. The County Internal Auditor may serve in an advisory
11 capacity to management in the development of controls.

12 3. To avoid any impairment to independence in fact or appearance, neither the
13 County Internal Auditor nor any staff member of the Office shall conduct or
14 supervise an audit of an operational or control activity for which he/she was
15 responsible or within which he/she was employed during the preceding two
16 years.

17 **C. Annual Audit Plan**

18 1. Prior to the beginning of each fiscal year, the County Internal Auditor shall
19 submit an annual risk-based audit plan to the Internal Audit Committee for
20 review and comment. The plan shall include the departments, offices, boards,
21 activities, and programs scheduled for audit during the year and will include any
22 additional duties to be performed in accordance with Section 3-F – Additional
23 Duties of this Ordinance. This plan may be amended during the year by the
24 Internal Audit Committee or as provided in Section 3-D – Special Audits of this
25 Ordinance. Additionally, the County Internal Auditor may at any time initiate
26 and conduct any other audits deemed necessary or advisable whether or not
27 included in the Annual Audit Plan.

28 2. In the selection of audit areas, the determination of audit scope, and the timing
29 of the audit work, the County Internal Auditor should consult with federal, state

1 and independent auditors as necessary or appropriate so that desirable audit
2 coverage is provided and audit efforts may be properly coordinated.

3 **D. Special Audits**

- 4 1. The BCC or the Internal Audit Committee may request the County Internal
5 Auditor to perform special audits. Special audits requested by a member of the
6 BCC must be approved by the BCC at a regularly scheduled BCC meeting or
7 referred by the BCC to the Internal Audit Committee for consideration. If
8 approved by the Internal Audit Committee, special audits may also be performed
9 for the County Administrator. Such special audits will become an amendment
10 to the annual audit plan.
- 11 2. The County Internal Auditor shall submit the special audit report to the Internal
12 Audit Committee for approval prior to distribution.

13 **E. Audit Reports**

- 14 1. Each audit will result in a written report. Audit reports will be numbered for
15 identification, and the County Internal Auditor will maintain a cross-reference of
16 audit reports by department and/or program.
- 17 2. The County Internal Auditor shall provide a draft of the audit report to the
18 audited agency for review and comment regarding factual information before the
19 report is finalized and released. The head of the audited agency must respond in
20 writing specifying agreement with audit findings and recommendations or
21 reasons for disagreement, plans for implementing solutions to identified
22 problems, and a timetable to complete such activities. The response must be
23 forwarded to the County Internal Auditor within two weeks. The County
24 Internal Auditor will include the response in the final report.
- 25 3. The County Internal Auditor shall submit copies of the final audit report to the
26 audited agency after approval by the Internal Audit Committee and shall retain a
27 copy as a permanent record. The County Internal Auditor will post audit reports
28 to the County's website after Internal Audit Committee approval. Reports with
29 significant findings shall also be provided to the BCC based on the Internal
30 Audit Committee's evaluation and recommendation.

1 4. The report will contain the professional conclusions of the County Internal
2 Auditor regarding the activities audited. The County Internal Auditor shall
3 include in the audit reports:

- 4 (a) a precise statement of the audit's objectives, scope and
5 methodology;
- 6 (b) a statement that the audit was performed in accordance with
7 generally accepted government auditing standards, if
8 appropriate;
- 9 (c) a summary of findings, including a statement of the underlying
10 cause, evaluative criteria used, and the current and prospective
11 significance of the findings;
- 12 (d) statements of response submitted by the audited agency relevant
13 to the audit findings;
- 14 (e) a concise statement of the corrective actions already taken as a
15 result of the audit findings or on the auditee's own initiative; and
- 16 (f) recommendations for additional improvements or corrective
17 actions.

18 5 The County Internal Auditor shall retain a complete file of all audit reports, audit
19 work papers, and other supportive material in accordance with record retention
20 requirements established by State law. In no instance shall such record be
21 disposed of sooner than three years from the date of the report.

22 **F. Additional Duties** In addition to the audit functions described above, the County
23 Internal Auditor shall be responsible for the additional duties described below. Any reports
24 resulting from the performance of these duties shall be handled in accordance with the
25 requirements of Section 3-E- Audit Reports of this Ordinance.

- 26 1. Providing available staff or other assistance to the external auditors in order to
27 reduce the cost of the countywide audit.
- 28 2. Providing advice in the preparation of policy and procedures manuals by all
29 departments and offices under the control of the BCC and reviewing the
30 adequacy of policies and procedures relating to financial controls. In order to

1 maintain independence, the Internal Auditor shall have no responsibility for the
2 actual preparation of the manuals.

3 **SECTION 4. REPEAL OF LAWS IN CONFLICT.**

4 All local laws and ordinances in conflict with any provisions of this Ordinance are
5 hereby repealed to the extent of such conflict.

6 **SECTION 5. SEVERABILITY.**

7 If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any
8 reason held by the Court to be unconstitutional, inoperative, or void, such holding shall not
9 affect the remainder of this Ordinance.

10 **SECTION 6. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.**

11 The provisions of this Ordinance shall become and be made a part of the Code of Laws
12 and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be
13 renumbered or re-lettered to accomplish such, and the word "ordinance" may be changed to
14 "section," "article," or other appropriate word.

15 **SECTION 7. EFFECTIVE DATE.**

16 The provisions of this Ordinance shall become effective upon filing with the Department
17 of State.

18 APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach
19 County, Florida, on this the ____ day of _____, 2010.

20
21 SHARON R. BOCK
22 CLERK & COMPTROLLER

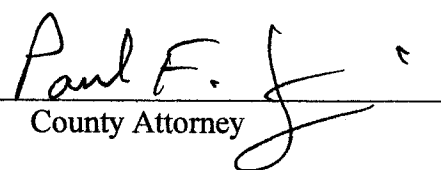
PALM BEACH COUNTY, FLORIDA, BY ITS
BCC OF COUNTY COMMISSIONERS

23
24
25 By: _____
26 Deputy Clerk

By: _____
Chair

27 (SEAL)

28 APPROVED AS TO FORM AND
29 LEGAL SUFFICIENCY

30
31
32 By: 
33 County Attorney

34 Filed with the Department of State on the ____ day of _____, 20__.
35