

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

WORKSHOP SUMMARY

Meeting Date: 04/24/2012

Department: Internal Auditor's Office

I. EXECUTIVE BRIEF

Title: Audit Committee and Internal Audit

Summary: The BCC conducted a workshop with the Audit Committee and the County Internal Auditor on August 30, 2011 and requested staff schedule a subsequent workshop after 6 to 8 months. The workshop today will focus on the following items:

- Proposed revisions to the ordinances governing the internal audit function and the internal audit committee;
- Key issues raised during the August 30th workshop;
- Summary of follow-up activities; and
- Coordination with the Inspector General.

The attached BCC and Audit Committee workshop discussion paper provides a summary of each of those issues as well as a summary of the authority and responsibility of the audit committee and internal auditor as established by the County Charter and ordinances. Countywide (PFK)

Background and Policy Issues: The BCC deferred action on first reading of the ordinance revisions at its April 3, 2012 meeting until after discussion at the April 24th workshop.

Attachments:

1. BCC and Audit Committee workshop discussion paper
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Recommended by:


Department Director

10 April 2012
Date

Approved By:


County Administration

4/16/12
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	_____	_____	_____	_____	_____
No. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

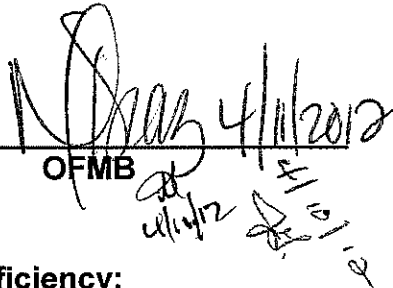
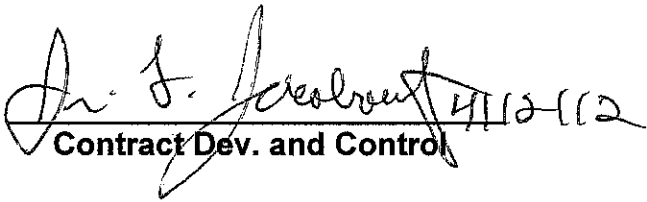
Is Item Included In Current Budget? Yes _____ No _____
 Budget Account No.: Fund _____ Department _____ Unit _____
 Object _____ Reporting Category _____

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

C. Departmental Fiscal Review:

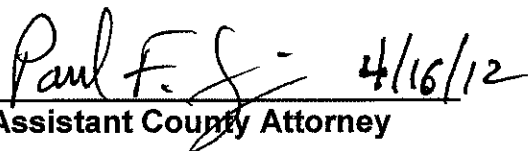
III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

_____ OFMB *4/11/2012*
 _____ Contract Dev. and Control *4/12/12*

B. Legal Sufficiency:



_____ Assistant County Attorney *4/16/12*

C. Other Department Review:

_____ Department Director

**BCC and Audit Committee workshop discussion paper
April 24, 2012**

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7. Coordination with Inspector General	29

**COMPARISON OF CURRENT AND PROPOSED LANGUAGE
IN THE INTERNAL AUDIT COMMITTEE ORDINANCE (2010-006)**

Current Language	Proposed Revision
<i>Section 3 – Authority</i>	
Not addressed in this section.	Part A (new) Review and approve the annual risk-based audit plan prepared by the County Internal Auditor.
<p>Discussion: Similar language exists in Section 6 Responsibilities, part A. Language is being added to Section 3 – Authority to emphasize the importance of the annual risk-based audit plan to the Audit Committee’s duties. The remaining parts of Section 3 are renumbered.</p>	
<i>Section 4 - Composition</i>	
<p>Part D Members terms will be determined by lot at the first meeting with Seats 1 and 2 serving for three years, Seats 3 and 4 serving for two years, and Seat 5 serving for 1 year.</p>	Delete text.
<p>Discussion: This language was only necessary for the first meeting of the Committee and is no longer necessary as the Seat rotation schedule has been established.</p>	
<i>Section 4 – Composition</i>	
<p>Part H The chair of the Internal Audit Committee will have accounting, audit or related financial management expertise, and will be elected by the members of the Internal Audit Committee to serve a single two year term.</p>	The chair of the Internal Audit Committee will be elected by the members of the Internal Audit Committee to serve a single two year term.
<p>Discussion: The Committee members believe that all members should have an equal opportunity to serve as Chair and that any member meeting the basic membership requirements would also have the necessary qualifications to serve as Chair.</p>	

<i>Section 4 – Responsibilities</i>	
Part A3 Review and approve the County Internal Auditor’s annual audit plan, submit the approved plan to the BCC for information purposes only, and review and approve any proposed amendments to the annual plan.	Review and approve the County Internal Auditor’s annual audit plan, ensure that the County Internal Auditor submits the approved plan to the BCC as an agenda item for information purposes only, and review and approve any proposed amendments to the annual plan.
Discussion: The Committee members believe the BCC should receive a copy of the approved annual audit plan to enhance the transparency and visibility of the audit plan.	
<i>Section 4 – Responsibilities</i>	
Part A4 Review and approve internal audit reports prior to issuance.	Review internal audit reports to identify potential systemic high risk areas.
Discussion: The Committee members believe approval of the audit reports would require committee review and approval of the underlying audit work leading to the final reports.	
<i>Section 4 – Responsibilities</i>	
Part A5 Send internal audit reports to the BCC and have internal audit reports posted on the county’s website to promote transparency.	Ensure that the County Internal Auditor sends internal audit reports to the BCC as agenda items and has internal audit reports posted on the county’s website to promote transparency in accordance with the Palm Beach County Internal Auditor Ordinance.
Discussion: The new language reflects the actual responsibility for distributing internal audit reports as that of the County Internal Auditor. The original language specified sending the reports to the Board of County Commissioners. While this language is unchanged in the proposed revision, the requirement to submit reports as agenda items reflects the recognition that the BCC exists when the Board is meeting as the BCC not in the Board members individual capacities. The intention of the original language was to enhance the visibility of the internal audit reports.	

<i>Section 4 – Responsibilities</i>	
Part A7 Monitor follow-up on reported findings to ensure corrective actions are taken.	Ensure that follow-up on reported findings is done in a timely manner to ensure corrective actions are taken
Discussion: The new language recognizes the responsibility for conducting follow-up lies with the County Internal Auditor and the responsibility of the Audit Committee is to exercise oversight of the audit function in this regard.	
<i>Section 4 – Responsibilities</i>	
Part A11 Review any occurrences of fraud detected by the county internal auditor and provide recommendations to the County Internal Auditor of the appropriate disposition, including forwarding to the County Inspector General or proper law enforcement agency.	Delete text.
Discussion: The proposed revision shifts this provision to Section 4 Part B6 reflecting the Committee's belief this action more appropriately belongs in the Section relating to Review of the System of Internal Controls. The proposed revision update the language to reflect current County policy on reporting suspected fraud to the Inspector General.	

Note: Various sections and parts have been renumbered to reflect the revisions proposed in this revised ordinance.

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ORDINANCE NO. 2012-_____

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AMENDING ORDINANCE NO. 2010-006; PROVIDING FOR TITLE; PROVIDING FOR THE ESTABLISHMENT, PURPOSE, AUTHORITY, COMPOSITION, MEETINGS AND RESPONSIBILITIES OF THE PALM BEACH COUNTY INTERNAL AUDIT COMMITTEE; 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.

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

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

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

WHEREAS, an Internal Audit Committee has been established to carry-out certain duties and responsibilities on behalf of the Board.

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

SECTION 1. TITLE.

This Ordinance shall be titled the "Palm Beach County Internal Audit Committee Charter Ordinance."

SECTION 2. ESTABLISHMENT & PURPOSE.

An Internal Audit Committee is established for the purpose of assisting the Palm Beach County Board of County Commissioners (BCC) in fulfilling its oversight and governance responsibilities of county operations and providing advice and recommendations to the County Internal Auditor.

SECTION 3. AUTHORITY.

The Internal Audit Committee shall serve on behalf of the BCC as its oversight of the county internal audit function. The Internal Audit Committee is authorized to:

- 1 A. Review and approve the annual risk-based audit plan prepared by the County
2 Internal Auditor.
- 3 ~~A B.~~ Act as an advisor to the County Internal Auditor in conducting performance audits
4 of county departments, divisions, offices, agencies or boards which fall under the
5 authority of the BCC and entities contracting with the BCC.
- 6 ~~B C.~~ Give guidance to the County Internal Auditor in planning and conducting
7 effectiveness, efficiency and economy reviews.
- 8 ~~C D.~~ Act as an advisor to the BCC on the County Internal Auditor's function and
9 activities.
- 10 ~~D E.~~ Provide advice and recommendations regarding the assessment of significant risks
11 and exposures as well as compliance with policies, procedures, laws and regulations.
- 12 ~~E F.~~ Seek and obtain any information it requires from BCC or county employees, all of
13 whom are directed to cooperate with the committee's request.

14 **SECTION 4. COMPOSITION.**

- 15 A. The Internal Audit Committee shall be composed of five members appointed by the BCC
16 and shall not include any county commissioners as members.
- 17 B. All five members shall be citizens of Palm Beach County, independent of elected and
18 appointed county officials and employees, and not employed in any capacity by the BCC
19 or by an entity subject to audit by the County Internal Auditor.
- 20 C. Membership of the Internal Audit Committee will be to the greatest extent possible
21 representative of the community-at-large and reflect the racial, gender and ethnic make-
22 up of the community.
- 23 D. The members' terms shall be three years and staggered so that the Internal Audit
24 Committee annually includes a new member and members with one and two years of
25 service. ~~Members' terms will be determined by lot at the first meeting with Seats 1 and 2~~
26 ~~-serving for three years, Seats 3 and 4 serving for two years, and Seat 5 serving for 1 year.~~
- 27 E. Each member shall serve no more than two consecutive full terms.
- 28 F. At least 90 days prior to the end of a member's term of service on the Internal Audit
29 Committee, the Internal Audit Committee shall either (a) recommend that the BCC
30 reappoint that member (if that member is eligible for reappointment) or (b) recommend
31 that the BCC appoint a new member.

- 1 G. Committee members shall have experience in business or finance; government
2 accounting, auditing, operations or financial management; or other relevant experience.
- 3 H. The chair of the Internal Audit Committee will ~~have accounting, audit or related financial~~
4 ~~management expertise, and will~~ be elected by the members of the Internal Audit
5 Committee to serve a single two year term.

6 **SECTION 5. MEETINGS.**

- 7 A. The Internal Audit Committee will meet at least quarterly, with authority to convene
8 additional meetings, as circumstances require.
- 9 B. All Internal Audit Committee members must attend at least 75% of the scheduled
10 meetings in any membership year (a membership year runs from August 16 of one year
11 to August 15 of the following year) to remain a member.
- 12 C. Absences due to extenuating circumstances may be excused by the Internal Audit
13 Committee at its discretion.
- 14 D. The Internal Audit Committee may invite members of management, internal auditors,
15 external auditors or others to attend meetings and provide pertinent information, as
16 necessary.
- 17 E. Meeting agendas will be prepared by the County Internal Auditor and provided in
18 advance to members, along with appropriate briefing materials. Meeting agendas will be
19 approved by the Internal Audit Committee at the start of each meeting.
- 20 F. Minutes will be prepared by the Clerk & Comptroller's Board Services/Minutes
21 Department.
- 22 G. Three out of five members must be present to have a quorum.

23 **SECTION 6. RESPONSIBILITIES.**

24 The Internal Audit Committee will carry out the following responsibilities:

- 25 **A. Review and Direction of Internal Audit Function.**
- 26 1. Review with the County Internal Auditor the Internal Audit Committee charter, audit
27 plans, activities, staffing, budget, and organization structure of the internal audit
28 function. The Internal Audit Committee's key responsibilities will be documented on
29 a checklist at the beginning of each fiscal year, identifying the frequency and the
30 specific meeting date that each responsibility will be completed.

- 1 2. Review and make recommendations to the BCC for amendments to the county charter
2 establishing the Office of the County Internal Auditor.
- 3 3. Review and approve the County Internal Auditor's annual audit plan, ensure that the
4 County Internal Auditor submits the approved plan to the BCC as an agenda item for
5 information purposes only, and review and approve any proposed amendments to the
6 annual plan.
- 7 4. ~~Review and approve~~ internal audit reports ~~prior to issuance~~ to identify potential
8 systemic high risk areas.
- 9 5. Ensure that the County Internal Auditor ~~sends~~ internal audit reports to the BCC as
10 agenda items and ~~have~~ has internal audit reports posted on the county's website to
11 promote transparency in accordance with the Palm Beach County Internal Auditor
12 Ordinance.
- 13 6. Report problems or problem areas to the BCC at such times as deemed appropriate.
- 14 7. Ensure that ~~Monitor~~ follow-up on reported findings is done in a timely manner to
15 ensure corrective actions are taken.
- 16 8. Evaluate at least annually the performance of the County Internal Auditor and the
17 effectiveness of the internal audit function and recommend compensation adjustments
18 and contract renewal for the County Internal Auditor to the BCC.
- 19 9. Evaluate the findings and recommendations of periodic peer reviews conducted by
20 independent parties to evaluate the internal audit function's adherence to professional
21 audit standards.
- 22 10. Act as a selection committee for the County Internal Auditor whenever the position
23 becomes vacant. Interview candidates with the assistance of the Human Resources
24 department, and make a recommendation to the BCC for the new County Internal
25 Auditor.
- 26 ~~11. Review any occurrences of fraud detected by the county internal auditor and provide~~
27 ~~recommendations to the County Internal Auditor of the appropriate disposition,~~
28 ~~including forwarding to the County Inspector General or proper law enforcement~~
29 ~~agency.~~

30 **B. Review of the Systems of Internal Controls.**

- 1 1. Act as an advisor to the County Internal Auditor in identifying and assessing the
2 county's significant risks or exposures. Such risks and exposures may arise from
3 areas including, but not limited to, county operations, finance, reporting, asserted and
4 unasserted litigation and claims, and non-compliance with laws, regulations,
5 contractual obligations and grants.
- 6 2. Review with the County Internal Auditor the process for providing reasonable
7 assurance that management has adequate controls to minimize these risks and
8 exposures.
- 9 3. Review with the County Internal Auditor the existing information technology systems
10 and related security and controls.
- 11 4. Obtain regular updates from the County Internal Auditor regarding compliance
12 matters or issues.
- 13 5. Obtain and review such additional information as deemed necessary to evaluate the
14 adequacy and effectiveness of controls encompassing the county's governance,
15 operations, and information systems including:
 - 16 a. reliability and integrity of operational and related financial information,
 - 17 b. effectiveness, efficiency and economy of operations,
 - 18 c. safeguarding of assets, and
 - 19 d. compliance with laws, regulations, contracts and grants.
- 20 6. Ensure that any occurrences of fraud detected by the County Internal Auditor have
21 been handled pursuant to County policy including forwarding to the Office of the
22 Inspector General, Palm Beach County or proper law enforcement agency.

23 **C. Other Responsibilities.**

- 24 1. Discuss with and provide guidance to the County Internal Auditor regarding the
25 County's policies and procedures with respect to risk assessment and risk
26 management.
- 27 2. Perform other activities related to the committee's purpose as defined in Section 2 of
28 this Ordinance.
- 29 3. Review and assess the adequacy of the Internal Audit Committee Ordinance annually,
30 request BCC approval for proposed changes, and ensure appropriate disclosure as
31 may be required by law or regulation.

1 4. Perform an annual self-assessment of the committee's and individual members'
2 performance and ensure all responsibilities outlined in this charter have been carried
3 out. Provide an annual report to the BCC.

4 **SECTION 7. REPEAL OF LAWS IN CONFLICT.**

5 All local laws and ordinances in conflict with any provisions of this Ordinance are hereby
6 repealed to the extent of such conflict. ~~Resolution R-2005-325 is repealed in its entirety.~~

7 **SECTION 8. SEVERABILITY.**

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

11 **SECTION 9. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.**

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

16 **SECTION 10. EFFECTIVE DATE.**

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

19 APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach
20 County, Florida, on this the ____ day of _____, 2012.

21

22 SHARON R. BOCK PALM BEACH COUNTY, FLORIDA, BY ITS
23 CLERK & COMPTROLLER BOARD OF COUNTY COMMISSIONERS

24 By: _____ By: _____

25 Deputy Clerk Chair

26 (SEAL)

27 APPROVED AS TO FORM AND
28 LEGAL SUFFICIENCY

29 By: _____
30 County Attorney

31 Filed with the Department of State on the ____ day of _____, 2012.

**COMPARISON OF CURRENT AND PROPOSED LANGUAGE
IN THE COUNTY INTERNAL AUDITOR ORDINANCE (2010-007)**

Current Language	Proposed Revision
<i>Section 2 – General Matters</i>	
<p>Part A The County Internal Auditor shall be nominated to the Board of County Commissioners (BCC) by the Internal Audit Committee. A majority vote of the entire membership of the BCC is required for either the appointment or dismissal of the County Internal Auditor who shall serve at the pleasure of the BCC.</p>	<p>The County Internal Auditor shall be recommended to the Board of County Commissioners (BCC) by the Internal Audit Committee. A majority vote of the entire membership of the BCC is required for either the appointment or dismissal of the County Internal Auditor who shall serve at the pleasure of the BCC.</p>
<p>Discussion: The Audit Committee believes their actual role is to review applicants and recommend a candidate to the BCC for consideration. Accordingly, the Committee proposes changing “nominated” to “recommended.”</p>	
<i>Section 2 – General Matters</i>	
<p>Part H If the County Internal Auditor detects apparent violations of law or apparent instances of misfeasance or nonfeasance by an officer or employee or information that indicates derelictions may be reasonably anticipated, the County Internal Auditor shall report the irregularities in writing to the BCC, the County Administrator, and the Internal Audit Committee and, when appropriate, immediately notify the appropriate law enforcement authority in addition to those previously cited.</p>	<p>Delete text.</p>
<p>Discussion: This language is moved to Section 4 Coordination With Inspector General.</p>	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part A Cooperate with investigations by oversight agencies, law enforcement agencies and the County’s Inspector General’s Office.</p>	<p>Cooperate with investigations by oversight agencies, law enforcement agencies and the Office of Inspector General, Palm Beach</p>

	County.
<p>Discussion: Language changed to reflect current title for Inspector General's Office.</p>	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part B4 Independence Not in current ordinance.</p>	<p>The budget for the Office of the County Internal Auditor will be approved by the BCC with recommendations from the Internal Audit Committee and the County Administrator (if the Administrator so chooses). The County Administrator may not make revisions to the budget submitted by the Office of the County Internal Auditor.</p>
<p>Discussion: This language is proposed to enhance the independence of the County Internal Auditor and to reflect the direct reporting relationship of the Auditor to the BCC.</p>	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part C1 Annual Audit Plan Prior to the beginning of each fiscal year, the County Internal Auditor shall submit an annual risk-based audit plan to the Internal Audit Committee for review and comment.</p>	<p>Prior to the beginning of each fiscal year, the County Internal Auditor shall submit an annual risk-based audit plan to the Internal Audit Committee for review and approval. The plan shall be submitted to the BCC as an agenda item for informational purposes following Internal Audit Committee approval.</p>
<p>Discussion: The proposed revision requires the Audit Committee to review and approve the annual audit plan, not just review and comment. This change maintains consistency with the addition of review and approval of the audit plan to the Audit Committee's basic responsibilities. The proposed language requiring submission to the BCC is consistent with the theme of transparency and visibility reflected in both ordinances.</p>	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part C1 Annual Audit Plan This plan may be amended during the year by the Internal Audit Committee or as provided in Section 3D Special Audits of this Ordinance.</p>	<p>This plan may be amended during the year by the Internal Audit Committee or as provided in Section 3D Audits requested by a member of the BCC of this Ordinance..</p>
<p>Discussion: This language is revised for consistency with the proposed revisions to Section 3D following.</p>	

<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part D1 – Special Audits The BCC or the Internal Audit Committee may request the County Internal Auditor to perform special audits. Special audits requested by a member of the BCC must be approved by the BCC at a regularly scheduled BCC meeting or referred by the BCC to the Internal Audit Committee for consideration. If approved by the Internal Audit Committee, special audits may also be performed for the County Administrator. Such special audits will become an amendment to the annual audit plan.</p>	<p>Part D1 – Audits Requested by a Member of the BCC Audits requested by a member of the BCC must be approved by the BCC at a regularly scheduled BCC meeting or referred by the BCC to the Internal Audit Committee for consideration.</p>
<p>Discussion: This language is revised to simplify the approval process for audit requests from a BCC member received after the annual audit plan has been approved.</p>	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part D2 The County Internal Auditor shall submit the special audit report to the Internal Audit Committee for approval prior to distribution.</p>	Delete text.
<p>Discussion: This language is being deleted because it is redundant. Guidance on distribution and approval of audit reports is provided in Section 3E Audit Reports.</p>	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
<p>Part E Audit Reports The County Internal Auditor shall submit copies of the final audit report to the audited agency, after approval by the Internal Audit Committee and shall retain a copy as a permanent record. The County Internal Auditor will post audit reports to the County's website after Internal Audit Committee approval. Reports with significant findings shall also be provided to the BCC based on the Internal Audit Committee's evaluation and recommendation.</p>	<p>The County Internal Auditor shall submit copies of the final audit report to the audited agency, the BCC as an agenda item, the Internal Audit Committee and to county administration and shall retain a copy as a permanent record. The County Internal Auditor will post audit reports to the County's website concurrently with the distribution of final reports.</p>
<p>Discussion: This language is being revised to recognize the requirement in the Audit Committee ordinance for provision of audit reports to the BCC (ordinance 2010-006 Section 4 Part A5) and to shift the</p>	

responsibility for that action to the County Internal Auditor.	
<i>Section 3 – Duties, responsibilities and independence of County Internal Auditor</i>	
Part F Follow-up on Audit Recommendations Not addressed.	The County Internal Auditor will maintain a complete record of all outstanding audit recommendations including management's planned implementation actions and implementation date. The County Internal Auditor will follow up on all recommendations to determine the status of management actions on the recommendations. The County Internal Auditor will issue a follow up results memorandum following each follow-up review to communicate the results of the follow up to management. These follow up results memoranda will not be considered audit reports as covered by Section 3E of this Ordinance. The County Internal Auditor will issue formal reports on the status of open audit recommendations semi-annually to the Audit Committee, county management and the BCC. These formal reports will also be posted on the Internal Auditor's web site.
Discussion: This language reflects the additional emphasis now being placed on conducting and reporting on outstanding audit recommendations.	
<i>Section 4 – Coordination with Inspector General</i>	
Not addressed.	A. REFERRALS If the County Internal Auditor detects potential fraud, waste, abuse or wrongdoing related to any audit, the County Internal Auditor will report same to the Office of Inspector General and meet with the Inspector General to determine an appropriate course of action. The County Internal Auditor and Inspector General will jointly determine what adjustments, if any, need to be made in continuing the subject audit so as to avoid potential interference with any investigate efforts the Inspector General may initiate. Audit reports will include information relative to these matters to the extent possible without

	<p>interference with ongoing investigations. The County Internal Auditor will review a draft of the audit report with the Inspector General to ensure no inappropriate material is included in the audit report.</p> <p>B. ANNUAL AUDIT PLAN During development of the annual audit plan the County Internal Auditor will solicit input from the Inspector General so as to avoid duplication of effort and to ensure appropriate audit coverage of County operations. Copies of the completed annual audit plan will be provided to the Inspector General.</p> <p>C. ANNUAL RISK ASSESSMENT During development of the annual risk assessment, the County Internal Auditor will solicit input from the Inspector General to identify areas of emerging risk or changes in the risk environment so as to maintain an appropriate risk inventory of County operations. Copies of the completed risk assessment will be provided to the Inspector General.</p> <p>D. AUDIT REPORTS The County Internal Auditor will provide copies of all audit reports to the Office of Inspector General promptly after completion of each audit.</p> <p>E. PERIODIC MEETINGS The County Internal Auditor will meet with the Inspector General regularly throughout the year to discuss matters of mutual interest and to ensure close coordination between the efforts of the two offices.</p>
<p>Discussion: This section is added to establish protocols for coordination with the new Inspector General's Office.</p>	

Note: Various sections and parts have been renumbered to reflect the revisions proposed in this revised ordinance.

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ORDINANCE NO. 2012-_____

AN ORDINANCE OF THE PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AMENDING ORDINANCE NO. 2010-007; 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.

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

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

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

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

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

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

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

SECTION 2 – GENERAL MATTERS.

- A. The County Internal Auditor shall be ~~nominated~~ recommended to the Board of County Commissioners (BCC) by the Internal Audit Committee. A majority vote of the entire

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

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

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

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

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

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

- 1 • Cooperate with investigations by oversight agencies, law enforcement agencies and
2 the ~~County's Inspector General's Office~~ Office of Inspector General, Palm Beach
3 County.
- 4 • Monitor implementation of recommendations made and corrective actions taken.

5 **B. Independence**

- 6 1. The County Internal Auditor is directly responsible to the BCC. The County
7 Internal Auditor and his or her Office are independent from and not under the
8 direction or control of the County Administrator. The County Internal Auditor's
9 Office staff report directly to the County Internal Auditor.
- 10 2. The Office of the County Internal Auditor has no direct responsibility to or
11 authority over, any area subject to its audit, review and investigation. The
12 development and implementation of controls is the responsibility of the BCC
13 and County management. The County Internal Auditor may serve in an advisory
14 capacity to management in the development of controls.
- 15 3. To avoid any impairment to independence in fact or appearance, neither the
16 County Internal Auditor nor any staff member of the Office shall conduct or
17 supervise an audit of an operational or control activity for which he/she was
18 responsible or within which he/she was employed during the preceding two
19 years.
- 20 4. The budget for the Office of the County Internal Auditor will be approved by the
21 BCC with recommendations from the Internal Audit Committee and the County
22 Administrator (if the Administrator so chooses). The County Administrator may
23 not make revisions to the budget submitted by the Office of the County Internal
24 Auditor.

25 **C. Annual Audit Plan**

- 26 1. Prior to the beginning of each fiscal year, the County Internal Auditor shall
27 submit an annual risk-based audit plan to the Internal Audit Committee for
28 review and ~~approval comment~~. The plan shall be submitted to the BCC as an
29 agenda item for informational purposes following Internal Audit Committee
30 approval. The plan shall include the departments, offices, boards, activities, and

- 1 programs scheduled for audit during the year and will include any additional
2 duties to be performed in accordance with Section 3-F – Additional Duties of
3 this Ordinance. This plan may be amended during the year by the Internal Audit
4 Committee or as provided in Section 3-D – ~~Special Audits~~ Audits Requested by
5 a Member of the BCC of this Ordinance. Additionally, the County Internal
6 Auditor may at any time initiate and conduct any other audits deemed necessary
7 or advisable whether or not included in the Annual Audit Plan.
- 8 2. In the selection of audit areas, the determination of audit scope, and the timing
9 of the audit work, the County Internal Auditor should consult with federal, state
10 and independent auditors as necessary or appropriate so that desirable audit
11 coverage is provided and audit efforts may be properly coordinated.

12 **D. Special Audits Requested by a Member of the BCC**

- 13 1. ~~The BCC or the Internal Audit Committee may request the County Internal~~
14 ~~Auditor to perform special audits. Special a~~ Audits requested by a member of
15 the BCC must be approved by the BCC at a regularly scheduled BCC meeting or
16 referred by the BCC to the Internal Audit Committee for consideration. If
17 ~~approved by the Internal Audit Committee, special audits may also be performed~~
18 ~~for the County Administrator. Such special audits will become an amendment~~
19 ~~to the annual audit plan.~~
- 20 2. ~~The County Internal Auditor shall submit the special audit report to the Internal~~
21 ~~Audit Committee for approval prior to distribution.~~

22 **E. Audit Reports**

- 23 1. Each audit will result in a written report. Audit reports will be numbered for
24 identification, and the County Internal Auditor will maintain a cross-reference of
25 audit reports by department and/or program.
- 26 2. The County Internal Auditor shall provide a draft of the audit report to the
27 audited agency for review and comment regarding factual information before the
28 report is finalized and released. The head of the audited agency must respond in
29 writing specifying agreement with audit findings and recommendations or
30 reasons for disagreement, plans for implementing solutions to identified
31 problems, and a timetable to complete such activities. The response must be

- 1 forwarded to the County Internal Auditor within two weeks. The County
2 Internal Auditor will include the response in the final report.
- 3 3. The County Internal Auditor shall submit copies of the final audit report to the
4 audited agency, the BCC as an agenda item, the Internal Audit Committee and to
5 county administration, after approval by the Internal Audit Committee and shall
6 retain a copy as a permanent record. The County Internal Auditor will post audit
7 reports to the County's website concurrently with the distribution of final reports
8 after Internal Audit Committee approval. Reports with significant findings shall
9 also be provided to the BCC based on the Internal Audit Committee's evaluation
10 and recommendation.
- 11 4. The report will contain the professional conclusions of the County Internal
12 Auditor regarding the activities audited. The County Internal Auditor shall
13 include in the audit reports:
- 14 (a) a precise statement of the audit's objectives, scope and
15 methodology;
 - 16 (b) a statement that the audit was performed in accordance with
17 generally accepted government auditing standards, if
18 appropriate;
 - 19 (c) a summary of findings, including a statement of the underlying
20 cause, evaluative criteria used, and the current and prospective
21 significance of the findings;
 - 22 (d) statements of response submitted by the audited agency relevant
23 to the audit findings;
 - 24 (e) a concise statement of the corrective actions already taken as a
25 result of the audit findings or on the auditee's own initiative; and
26 (f) recommendations for additional improvements or corrective
27 actions.
- 28 5 The County Internal Auditor shall retain a complete file of all audit reports, audit
29 work papers, and other supportive material in accordance with record retention
30 requirements established by State law. In no instance shall such record be
31 disposed of sooner than three years from the date of the report.

1 **F. Follow up on Audit Recommendations** The County Internal Auditor will
2 maintain a complete record of all outstanding audit recommendations including
3 management's planned implementation actions and implementation date. The County
4 Internal Auditor will follow up on all recommendations to determine the status of
5 management actions on the recommendations. The County Internal Auditor will issue a
6 follow up results memorandum following each follow-up review to communicate the results
7 of the follow up to management. These follow up results memoranda will not be considered
8 audit reports as covered by Section 3E of this Ordinance. The County Internal Auditor will
9 issue formal reports on the status of open audit recommendations semi-annually to the Audit
10 Committee, county management and the BCC. These formal reports will also be posted on
11 the Internal Auditor's web site.

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

- 16 1. Providing available staff or other assistance to the external auditors in order to
17 reduce the cost of the countywide audit.
- 18 2. Providing advice in the preparation of policy and procedures manuals by all
19 departments and offices under the control of the BCC and reviewing the
20 adequacy of policies and procedures relating to financial controls. In order to
21 maintain independence, the Internal Auditor shall have no responsibility for the
22 actual preparation of the manuals.

23 **SECTION 4. COORDINATION WITH INSPECTOR GENERAL.**

24 **A. REFERRALS** If the County Internal Auditor detects potential fraud, waste,
25 abuse or wrongdoing related to any audit, the County Internal Auditor will report same
26 to the Office of Inspector General and meet with the Inspector General to determine an
27 appropriate course of action. The County Internal Auditor and Inspector General will
28 jointly determine what adjustments, if any, need to be made in continuing the subject
29 audit so as to avoid potential interference with any investigate efforts the Inspector
30 General may initiate. Audit reports will include information relative to these matters to

1 the extent possible without interference with ongoing investigations. The County
2 Internal Auditor will review a draft of the audit report with the Inspector General to
3 ensure no inappropriate material is included in the audit report.

4 **B. ANNUAL AUDIT PLAN** During development of the annual audit plan the County
5 Internal Auditor will solicit input from the Inspector General so as to avoid duplication
6 of effort and to ensure appropriate audit coverage of County operations. Copies of the
7 completed annual audit plan will be provided to the Inspector General.

8 **C. ANNUAL RISK ASSESSMENT** During development of the annual risk assessment,
9 the County Internal Auditor will solicit input from the Inspector General to identify
10 areas of emerging risk or changes in the risk environment so as to maintain an
11 appropriate risk inventory of County operations. Copies of the completed risk
12 assessment will be provided to the Inspector General.

13 **D. AUDIT REPORTS** The County Internal Auditor will provide copies of all audit
14 reports to the Office of Inspector General promptly after completion of each audit.

15 **E. PERIODIC MEETINGS** The County Internal Auditor will meet with the Inspector
16 General regularly throughout the year to discuss matters of mutual interest and to ensure
17 close coordination between the efforts of the two offices.

18 **SECTION 4-5. REPEAL OF LAWS IN CONFLICT.**

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

21 **SECTION 5-6. SEVERABILITY.**

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

25 **SECTION 6-7. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.**

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

1 **SECTION 7 8. EFFECTIVE DATE.**

2 The provisions of this Ordinance shall become effective upon filing with the Department of
3 State.

4 APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach
5 County, Florida, on this the ____ day of _____, 2012.

6
7 SHARON R. BOCK
8 CLERK & COMPTROLLER

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

9
10
11 By: _____
12 Deputy Clerk

By: _____
Chair

13 (SEAL)

14 APPROVED AS TO FORM AND
15 LEGAL SUFFICIENCY

16
17
18 By: _____
19 County Attorney

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

21



Internal Auditor's Office

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West Palm Beach, FL 33411

(561) 681-4480

FAX: (561) 681-4490

www.pbcgov.com/Internalauditor



**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Chair

Steven L. Abrams, Vice Chairman

Karen T. Marcus

Paulette Burdick

Burt Aaronson

Jess R. Santamaria

Priscilla A. Taylor

County Administrator

Robert Weisman

Date: April 24, 2012

To: Board of County Commissioners

From: Internal Audit Committee

Re: Key Internal Audit Issues for BCC Consideration

Following is a discussion on certain key issues being addressed by the Internal Audit Committee and County Internal Auditor:

1. Implementation and follow up on audit recommendations
2. Changing focus of audits
3. Coordination of audit efforts with the Inspector General
4. A more robust and aggressive internal audit function
5. Provision of information to BCC that would support Board policy and decision making

1. Implementation and follow up on audit recommendations

Responsibility for implementing audit recommendations lies with county management. Most recommendations are the responsibility of managers within the audited department. Some recommendations are the responsibility of the County Administrator. Ideally, county management would have a system of monitoring and following up with subordinate managers on the status of recommendation implementations.

Internal Audit is responsible for conducting timely and appropriate follow up reviews to determine the status of recommendations, and reporting the status of recommendations to the Audit Committee, the BCC, and county management.

The Internal Auditor's Office will begin reporting the status of all open internal audit recommendations semiannually. The report will be distributed to the Audit Committee, the BCC, and county management, and be posted on the Internal Audit web site. The report will identify recommendations that have been implemented, recommendations for which implementation has begun but is not yet complete, and recommendations for which no measurable implementation activity has begun. The report will also include a section highlighting recommendations the Internal Auditor's Office believes require special consideration by the Audit

Committee and/or the BCC due to inadequate, ineffective or no management actions to implement. The first of these semiannual reports should be released following the March meeting of the Audit Committee.

2. Changing focus of audits

The Audit Committee and Internal Auditor are working to incorporate a greater emphasis on effectiveness, efficiency and economy into our audits. This effort began during FY 2011 and will be a continuing focus of audits going forward. The BCC also requested broadening or deepening the scope of our audits to achieve more coverage of each audited unit.

We believe realizing the maximum benefit from focusing audit effort on effectiveness and efficiency will require input from county management and the BCC. In prior audits, we have determined that there is significant need for improvement in the County's process for developing and reporting on performance. Effective performance auditing requires the existence of objective criteria against which to evaluate actual performance. We believe that Internal Audit's ability to effectively evaluate the County's performance management system will be limited by the previously reported need for improvements in that system. (See Audit Report No. 2011-11 dated December 8, 2010 entitled "*Summary Report on Audits of Performance Measures and Status of County Efforts to Improve Performance Measures.*")

The new focus for audits has the potential to increase the time required to complete each audit, perhaps significantly. If this is the case the ability of the Internal Auditor's Office to achieve adequate coverage of County operations will be challenged by the recent reductions in staffing within the Office.

Each audit begins with a planning effort intended to identify the most significant areas within that unit for possible audit attention. This planning process leads to the establishment of a specific scope of work for each engagement. In developing the engagement scope, particular audit objectives are established and specific evaluation criteria are identified for each audit objective. In essence, the actual audit scope and objectives are developed based on information developed based on the facts and circumstances of each audit.

3. Coordination of audit efforts with the Inspector General

The County Charter and county ordinances establish the requirements for audit coverage for the county internal audit activity. The internal auditor is proposing a revision to the internal audit ordinance that will establish certain coordination requirements with the Office of Inspector General. We believe that implementing those provisions will allow both entities to coordinate their activities and avoid or minimize duplication of efforts. We also recognize that neither the BCC nor the Audit Committee have any authority to direct the Inspector General to take or not take any specific actions.

We also believe the BCC has the ability to communicate any concerns it may have over audit or other activities conducted by the Inspector General to the Inspector General. We also fully recognize the BCC's full authority over the County internal audit function as defined in the County Charter and ordinances governing the audit function. We will encourage the county internal auditor to meet with the Inspector General's staff routinely to communicate and coordinate audit activities.

Internal controls and internal audits do not guarantee that undesirable events will be prevented. *Internal Controls – Integrated Framework* published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines internal control as a process designed to provide reasonable assurance regarding achievement of objectives. That document goes on to state that management and the board of directors are responsible for establishing the system of internal controls and that internal auditors are responsible for evaluating and reporting on the effectiveness of the control system.

The first line of defense against fraud, irregularities and other risks is an effective culture of risk management and sound management controls. We believe an effective risk management culture is one in which management understands its responsibilities for conducting periodic assessments of risks and adapting the management control system to address those risks which are considered most significant. We do not believe such a risk management culture exists within Palm Beach County, other than in isolated pockets. Even with the most effective risk management culture and effective implementation of management controls there will still be undesirable events. The best and most realistic result we can hope for is minimization of the likelihood of occurrence of an event. Internal audit's responsibility in this culture of risk management is to review and evaluate the overall risk management process carried out by management and report results of those reviews to appropriate parties.

4. A more robust and aggressive internal audit function

We wish to thank the BCC for its support in recognizing a need for a more robust internal audit function. We also recognize that the County is facing unprecedented budget challenges that have driven the recent reductions in audit staffing. We believe that a robust internal audit function does not necessarily require increasing the staff in the Office. A robust internal audit function may be one that is more forceful or vigorous in conducting its audits, and making and following up on recommendations. We are focusing our attention in these areas while looking forward to an opportunity to expand the staff to provide more reasonable coverage levels for County operations.

Several commissioners commented on the potential need for more staff in the Internal Auditor's Office to implement an expanded role and also questioned treating the Internal Auditor's budget request as if it were that of a county department. Proposed revisions to the County Internal Auditor Ordinance (#2010-007) include a provision requiring BCC approval of the Internal Auditor's budget based on recommendations from the Audit Committee and County Administrator and limiting the County Administrator's authority over the Internal Auditor's budget to making those recommendations.

5. Provision of information to BCC that would support Board policy and decision making

We believe the Internal Auditor's Office can provide policy analysis to the BCC on some items. It is essential that the BCC provide specific direction and work with the Internal Auditor to develop responses to BCC requests for analysis.

SUMMARY OF FOLLOW-UP ACTIVITIES

The Internal Auditor's Office maintains a complete listing of all audit recommendations and conducts follow-up reviews on them based on management's stated implementation dates. The Office conducts follow-up reviews to determine:

- If management has implemented the corrective actions agreed to in the audits; and
- If those management actions have corrected the underlying condition which led to the recommendation.

The Internal Auditor's Office conducted a complete review of every audit recommendation that was open and for which management action should have been implemented as of September 30, 2011. The follow-up activities were conducted during October and November 2011. The table below summarizes the results of those follow-up activities:

Description	Count
Number of audit recommendations	185
Number of audit recommendations for which final management action had been taken	120
Number of audit recommendations for which final management action was not yet due	45
Number of audit recommendations which were still in the implementation process	20
Number of departments with open recommendations	17
Number of audit reports	56

The Internal Auditor's Office will continue to conduct follow-up reviews of management's implementation of audit recommendations based on the target implementation dates established by management in response to the audit recommendations. We will publish the results of our follow-up reviews semi-annually with "as of" dates of March 31 and September 30. The reports will be available following the Audit Committee meetings subsequent to those dates.

Coordination with the Inspector General

The Palm Beach County Charter and certain County ordinances establish the offices of the County Internal Auditor and Inspector General. The two offices have some similarities and some differences. Both offices are charged with promoting efficiency and effectiveness, and both offices have authority to conduct audits of all BCC departments and activities. The Office of Inspector General (OIG) has authority over certain local public agencies and all municipalities, the County Internal Auditor (CIA) focuses entirely on the BCC and County departments. The OIG has authority to conduct investigations and require the production of documents through subpoenas, the CIA does not. The OIG has as a priority the prevention and detection of fraud and abuse, the CIA is required to report any instances of suspected fraud or abuse to the OIG for further action. The activities of the CIA are overseen by the County Internal Audit Committee, the OIG has no similar oversight entity.

Revisions to the County Internal Auditor Ordinance are being proposed to clarify and reinforce the collaborative efforts of the Offices of Inspector General and Internal Auditor. In essence, routine, periodic communications between the offices are required to provide assurance that neither office will be conducting audits of the same entity at the same time. These routine, periodic meetings also provide the opportunity to ensure that any information developed by one office in its routine operations are shared with the other office to the extent appropriate.

Following are summaries of the Charter and Ordinance language addressing both offices:

1) County Internal Auditor

County Charter Section 4.4 established the Office of the Internal Auditor and designated the county internal auditor as a direct report to the BCC serving at the pleasure of the BCC.

The Charter also established the basic responsibilities of the county internal auditor as:

“Performing post-audits, performance audits, and interfacing with all external auditors for the Board of County Commissioners, the county administrator, and all other departments, divisions, and regulatory and advisory boards of county government in all financial matters relating to their official responsibilities.”

Ordinance 2010-007 Section 3 reinforces and further defines the authority and responsibilities of the county internal auditor. The Ordinance identifies the entities and activities subject to audit and describes the types of audits which may be performed as operational, compliance, performance, management and other audits. These audits are intended to provide reasonable assurance of achievement of objectives in the following areas:

- Effectiveness, efficiency and economy of operations.
- Measurement and reporting of performance goals, objectives and results.
- Reliability and integrity of operating and financial information and the means used to identify, measure, classify, and report such information.
- Compliance with applicable laws and regulations, grants and contracts, and BCC directions, policies and procedures.

- Safeguarding assets and critical information.

The Ordinance also reinforces the independence of the county internal auditor from the county administrator and establishes procedures for developing annual audit plans and distributing audit reports.

2) Inspector General

County Charter Section 8.3 establishes the Office of Inspector General to provide independent oversight of publicly funded transactions, projects, and other local government operations.

County Ordinance 2011-009 further defines the authority and responsibility for the Office of Inspector General. Excerpts of the Ordinance from the County Code follow:

(Section 2-421) Establishes the authority of the Office of Inspector General as applying to the Board of County Commissioners and all County departments, all 38 municipalities, any public agency electing to be bound by this article, and any municipality formed after January 1, 2011.

(Section 2-422) There is hereby established the office of inspector general which is created in order to promote economy, efficiency, and effectiveness in the administration of and, as its priority, to prevent and detect fraud and abuse in programs and operations administered or financed by the county or municipal agencies. The inspector general shall initiate, conduct, supervise and coordinate investigations designed to detect, deter, prevent and eradicate fraud, waste, mismanagement, misconduct, and other abuses by elected and appointed county and municipal officials and employees, county and municipal agencies and instrumentalities, contractors, their subcontractors and lower tier subcontractors, and other parties doing business with the county or a municipality and/or receiving county or municipal funds

(Section 2-423 (1)) The inspector general shall have the authority to: (a) make investigations of county or municipal matters and publish the results of such investigations; (b) review and audit past, present and proposed county or municipal programs, accounts, records, contracts, change orders and transactions; and (c) prepare reports and recommendations to the board, or the subject municipality, or participating entities subject to section 2-421(2) based on such audits or investigations.

(Section 2-423 (2)) The inspector general shall have the power to conduct audits of, require production of documents from, and receive full and unrestricted access to the records of the board, each municipality, county administrator, city administrator, city manager or other municipal executive, all elected and appointed county and municipal officials and employees, county and municipal departments, divisions, agencies and instrumentalities, contractors, their subcontractors and lower tier subcontractors, and other persons and entities doing business with the county or a municipality and/or receiving county or municipal funds regarding any such contracts or transactions with the county or a municipality.

3) County Internal Audit Committee

Ordinance 2010-006 establishes the purpose, authority and responsibilities of the internal audit committee.

- Purpose: To provide assistance to the BCC in fulfilling its oversight and governance responsibilities of county operations, and to provide advice and recommendations to the county internal auditor.
- Authority: To provide advice and guidance to the county internal auditor in planning and conducting audits, to advise the BCC on county internal auditor functions and activities, and to provide advice and recommendations as to assessment of significant risks and exposures. The committee is also authorized to seek and obtain information it requires from the BCC or any county employee.
- Responsibilities:
 - Review and direct internal audit function to include: organization, budget and staffing; annual plan of audits; review and approve audit reports; evaluate the performance of the internal auditor annually; and act as a selection committee in the event of a vacancy in the position.
 - Act as an advisor to the county internal auditor in identifying and assessing the county's significant risks or exposures, assessing management's controls to minimize those risks or exposures, and to assess compliance issues.
 - Meet at least quarterly, periodically review the internal audit ordinances for continued applicability and conduct an annual self-assessment of the committee's performance.