### PALM BEACH COUNTY

# BOARD of COUNTY COMMISSIONERS

## AGENDA ITEM SUMMARY

Meeting Date: 06/20/2017 [ ] Consent [ ] Regular [ X ] Public Hearing
Department: Submitted By: Internal Auditor's Office
I. <u>EXECUTIVE BRIEF</u>
Motion and Title: Staff recommends motion to adopt: An ordinance of the Board of Count Commissioners of Palm Beach County, Florida, amending Ordinance 2012-011; 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.
<b>Summary:</b> The Audit Committee conducted a review of its duties and responsibilities as established in Ordinance 2012-011, known as the Palm Beach County Internal Audit Committee Charter Ordinance and has identified several revisions they believe are necessary. The revisions are recommended to more clearly reflect the Committee's advisory role relative to the County Internal Auditor's review of system of internal controls, and to clarify the Committee's responsibilities for conducting self-assessments are reporting to the County Commission. Countywide (PFK)
<ul> <li>Background and Policy Issues: The Audit Committee's recommended changes to Ordinance 2012 011 are summarized as follows:</li> <li>1. Replace the requirement to obtain and review information related to systems of internal control with a requirement to act as an advisor to the County Internal Auditor in performing that tas (Section 6 B 5);</li> <li>2. Replace the requirement to perform an annual self-assessment of the Committee's performance and provide an annual report to the County Commission with a requirement to conduct a self-assessment when necessary (Section 6 C 4); and</li> <li>3. Provide periodic reports to the County Commission as deemed appropriate or necessary or when requested by the County Commission (Section 6 C 5).</li> </ul>
The first of these revisions is recommended to reflect the advisory role assigned to the Audit Committee. The other changes reflect the Committee's position on the frequency and need for self-assessments and special reports.
Attachment:
Ordinance
Recommended by: Joseph F. Buyuan 5.8.17 Internal Auditor Date
Recommended by:  County Administrator  Date

### II. FISCAL IMPACT ANALYSIS

# A. Five Year Summary of Fiscal Impact:

Fiscal Years	2017	2018	2019	2020	2021
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT 💉	O				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

# A	ADDITIONAL FTE  SETTIONS (Computative)				
Is I	Is Item Included In Current Budget? Yes No Budget Account No.: Fund Agency Org Object Program Number Revenue Source				
В.	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:				
	(Merala 1)				
	Budget/OFMB ET 5/2 Contract Administration				
В.	Legal Sufficiency:				
	Paul F. by 5/15/17				
	Assistant County Attorney				
C.	Other Department Review:				
	Department Director				

This summary is not to be used as a basis for payment.

1	<b>ORDINANCE NO. 2017</b>
2 3 4 5 6 7 8 9 10 11	AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AMENDING ORDINANCE NO. 2012-011; PROVIDING FOR TITLE; PROVIDING FOR THE ESTABLISHMENT, PURPOSE, AUTHORITY, COMPO-SITION, 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.
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, and
15	be held accountable for the use of public funds; and
16	WHEREAS, internal auditing is an independent, objective assurance and consulting
17	activity designed to add value and improve the government's operations by bringing a systematic,
18	disciplined approach to evaluating and improving the effectiveness of risk management, control,
19	and governance processes.
20	WHEREAS, the Office of Internal Auditor has been established by the Charter of Palm
21	Beach County, Florida; and
22	WHEREAS, an Internal Audit Committee has been established to carry-out certain duties
23	and responsibilities on behalf of the Board.
24	NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY
25	COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:
26	SECTION 1. TITLE.
27	This Ordinance shall be titled the "Palm Beach County Internal Audit Committee Charter
28	Ordinance."
29	SECTION 2. ESTABLISHMENT & PURPOSE.
30	An Internal Audit Committee is established for the purpose of assisting the Palm Beach County
31	Board of County Commissioners (BCC) in fulfilling its oversight and governance responsibilities
32	of County operations and providing advice and recommendations to the County Internal Auditor.
33	SECTION 3. AUTHORITY.
34	The Internal Audit Committee shall serve on behalf of the BCC as its oversight of the County
35	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.
- B. Act as an advisor to the County Internal Auditor in conducting performance audits
- of County departments, divisions, offices, agencies or boards which fall under the authority
- of the BCC and entities contracting with the BCC.
- 6 C. Give guidance to the County Internal Auditor in planning and conducting
- 7 effectiveness, efficiency and economy reviews.
- 8 D. Act as an advisor to the BCC on the County Internal Auditor's function and
- 9 activities.

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- 10 E. Provide advice and recommendations regarding the assessment of significant risks
- and exposures as well as compliance with policies, procedures, laws and regulations.
- F. Seek and obtain any information it requires from BCC or County employees, all of
- whom are directed to cooperate with the Committee's request.

#### **SECTION 4. COMPOSITION.**

- 15 A. The Internal Audit Committee shall be composed of five members, and one alternate
- member, appointed by the BCC and shall not include any County Commissioners as
- members. The alternate member may only participate and vote when another member is
- absent from a Committee meeting.
- B. All members shall be citizens of Palm Beach County, independent of elected and appointed
- 20 County officials and employees, and not employed in any capacity by the BCC or by an
- 21 entity subject to audit by the County Internal Auditor.
- 22 C. Membership of the Internal Audit Committee will be to the greatest extent possible
- representative of the community-at-large and reflect the racial, gender and ethnic make-up
- of the community.
- D. The members' terms shall be three years and staggered so that the Internal Audit
- Committee annually includes a new member and members with one and two years of
- service. The members' terms shall begin on October 1 and end on September 30.
- E. Each member shall serve no more than three consecutive full three-year terms. Any
- vacancy occurring during a term shall be filled for the unexpired portion of the term and
- 30 shall not count toward the member's term limits. Members must reside in the County at
- 31 the time of appointment and while serving on the Committee.

- F. At least 90 days prior to the end of a member's term of service on the Internal Audit
- Committee, the Internal Audit Committee shall either (a) recommend that the BCC
- reappoint that member (if that member is eligible for reappointment) or (b) recommend
- 4 that the BCC appoint a new member.
- G. Committee members shall have experience in business or finance; government accounting,
- auditing, operations or financial management; or other relevant experience.
- 7 H. The chair of the Internal Audit Committee will be elected by the members of the Internal
- 8 Audit Committee to serve a single two-year term.
- 9 I. The Committee shall be subject to the uniform policies and procedures established by the
- BCC as currently set forth in Resolution R-2013-0193, as may be further amended by
- action of the Board of County Commissioners.
- J. A quorum must be present for all Committee meetings. A majority of the members
- appointed shall constitute a quorum. The alternate member may be counted for purposes
- of a quorum only if another member is absent. All Committee meetings shall be governed
- by Robert's Rules of Order.
- 16 K. Committee members shall be governed by the applicable provisions of the state Ethics
- 17 Code and the applicable provisions of the Palm Beach County Code of Ethics.

### SECTION 5. MEETINGS.

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- 19 A. The Internal Audit Committee will meet at least quarterly, with authority to convene
- 20 additional meetings, as circumstances require.
- B. All Internal Audit Committee members must attend at least one-half of the scheduled
- meetings in any membership year (a membership year runs from October 1 of one year to
- September 30 of the following year) to remain a member. This meeting attendance policy
- applies to the alternate member as well as to the regular members.
- 25 C. The Internal Audit Committee may invite members of management, internal auditors,
- 26 external auditors or others to attend meetings and provide pertinent information, as
- 27 necessary.
- D. Meeting agendas will be prepared by the County Internal Auditor and provided in advance
- 29 to members, along with appropriate briefing materials. Meeting agendas will be approved
- 30 by the Internal Audit Committee at the start of each meeting.

E. Minutes will be prepared by the Clerk & Comptroller's Board Services/Minutes

Department.

#### 3 SECTION 6. RESPONSIBILITIES.

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

#### A. Review and Direction of Internal Audit Function.

- 1. Review with the County Internal Auditor the Internal Audit Committee Charter Ordinance, audit plans, activities, staffing, budget, and organization structure of the internal audit function. The Internal Audit Committee's key responsibilities will be documented on a checklist at the beginning of each fiscal year, identifying the frequency and the specific meeting date that each responsibility will be completed.
  - 2. Review and make recommendations to the BCC for amendments to the County Charter establishing the Office of the County Internal Auditor.
  - 3. 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.
- 4. Review internal audit reports to identify potential systemic high risk areas.
- 5. 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.
- 6. Report problems or problem areas to the BCC at such times as deemed appropriate.
- 7. Ensure that follow-up on reported findings is done in a timely manner to ensure corrective actions are taken.
  - 8. Evaluate at least annually the performance of the County Internal Auditor and the effectiveness of the internal audit function and recommend compensation adjustments and contract renewal for the County Internal Auditor to the BCC.
  - Evaluate the findings and recommendations of periodic peer reviews conducted by independent parties to evaluate the internal audit function's adherence to professional audit standards.
- 30 10. Act as a selection committee for the County Internal Auditor whenever the position 31 becomes vacant. Interview candidates with the assistance of the Human Resources

1		department, and make a recommendation to the BCC for the new County Internal
2		Auditor.
3	B. R	eview of the Systems of Internal Controls.
4	1.	Act as an advisor to the County Internal Auditor in identifying and assessing the
5		County's significant risks or exposures. Such risks and exposures may arise from areas
6		including, but not limited to, County operations, finance, reporting, asserted and
7		unasserted litigation and claims, and non-compliance with laws, regulations,
8		contractual obligations and grants.
9	2.	Review with the County Internal Auditor the process for providing reasonable
10		assurance that management has adequate controls to minimize these risks and
11		exposures.
12	3.	Review with the County Internal Auditor the existing information technology systems
13		and related security and controls.
14	4.	Obtain regular updates from the County Internal Auditor regarding compliance matters
15		or issues.
16	5.	Act as an advisor to the County Internal Auditor as the County Internal Auditor carries
17		out the audits that may include operational, compliance, performance, management and
18		other audits which are intended to provide reasonable assurance of achievement of
19		objectives in the following areas: Obtain and review such additional information as
20		deemed necessary to evaluate the adequacy and effectiveness of controls encompassing
21		the County's governance, operations, and information systems including:
22		a. reliability and integrity of operational and related financial information,
23		b. effectiveness, efficiency and economy of operations,
24		c. safeguarding of assets, and
25		d. compliance with laws, regulations, contracts and grants.
26	6.	Ensure that any occurrences of possible fraud detected by the County Internal Auditor
27		have been handled pursuant to County policy including forwarding to the Office of the
28		Inspector General, Palm Beach County.
29	C. Otl	her Responsibilities.
30	1.	Discuss with and provide guidance to the County Internal Auditor regarding the

County's policies and procedures with respect to risk assessment and risk management.

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1	2.	Perform other activities related to the Committee's purpose as defined in Section 2 of		
2		this Ordinance.		
3	3. Review and assess the adequacy of the Internal Audit Committee Ordinance annually			
4		request BCC approval for proposed changes, and ensure appropriate disclosure as may		
5		be required by law or regulation.		
6	4.	Perform an annual <u>a</u> self-assessment of the Committee's <u>and individual</u> <u>or Committee</u>		
7	members' performance and as necessary to ensure all responsibilities outlined in thi			
8		Ordinance have been carried out. Provide an annual report to the BCC.		
9	5. Provide a periodic report to the BCC as deemed appropriate or necessary, or w			
10		requested by the BCC.		
11	SECTION	N 7. REPEAL OF LAWS IN CONFLICT.		
12	All local laws and ordinances in conflict with any provisions of this Ordinance are hereby			
13	repealed to the extent of such conflict.			
14	SECTION	N 8. SEVERABILITY.		
15	If a	any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any		
16	reason held by the Court to be unconstitutional, inoperative, or void, such holding shall not affect			
17	the remain	der of this Ordinance.		
18	SECTION	9. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.		
19	The provisions of this Ordinance shall become and be made a part of the Code of Laws and			
20	Ordinance	s of Palm Beach County, Florida. The sections of this Ordinance may be renumbered		
21	or re-lettered to accomplish such, and the word "ordinance" may be changed to "section," "article,"			
22	or other ap	propriate word.		
23	<b>SECTION</b>	N 10. EFFECTIVE DATE.		
24	Th	e provisions of this Ordinance shall become effective upon filing with the Department		
25	of State.			
26	AP	PROVED AND ADOPTED by the Board of County Commissioners of Palm Beach		
27	County, Fl	lorida, on this the day of, 2017.		
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29 30		R. BOCK PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS		

1	By:	By:	
2	Deputy Clerk	Chair	
3	(SEAL)		
4 5	APPROVED AS TO FORM AND LEGAL SUFFICIENCY		
6 7	By:County Attorney		
8	Filed with the Department of State on the	day of	. 2017.