

PALM BEACH COUNTY
BOARD of COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date: **06/20/2017** Consent Regular
 Public Hearing

Department:
 Submitted By: Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to adopt: An ordinance of the Board of County Commissioners of Palm Beach County, Florida, amending Ordinance 2012-012; 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 conducted a review of the duties and responsibilities of the County Internal Auditor as established in Ordinance 2012-012, known as the Palm Beach County Internal Auditor Ordinance, and has identified several revisions they believe are necessary. The revisions are recommended to align the professional qualifications of the County Internal Auditor with the requirements for the position in the County Charter; and to clearly establish the authority of the County Internal Auditor and the internal audit staff to have access to records, property and personnel of the County. Countywide (PFK)

Background and Policy Issues: The Audit Committee's recommended changes to Ordinance 2012-012 are summarized as follows:

- Brings the requirements for professional qualifications of the County Internal Auditor as established in Ordinance 2012-012 into agreement with the same qualifications in the County Charter (Section 2 D); and
- Establishes the authority of the County Internal Auditor and the internal audit staff to have full, free, timely, and unrestricted access to any and all records, physical properties, and personnel of the County necessary to carry out any approved audit engagement or other official duties established by this ordinance (Section 2 I).

The authority provision was included in a series of precursor resolutions until 2005, but was inadvertently left out of ordinance 2010-007 which superseded the previous resolutions.

Attachment:

Ordinance

Recommended by:	<u>Joseph F. Bergin</u> Internal Auditor	<u>5.8.17</u> Date
Recommended by:	<u>N/A</u> 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 *	0				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

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

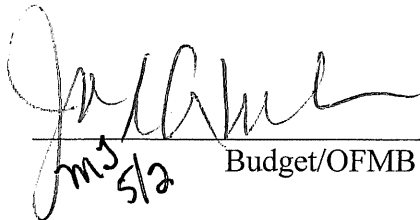
B. Recommended Sources of Funds/Summary of Fiscal Impact:

*No fiscal impact

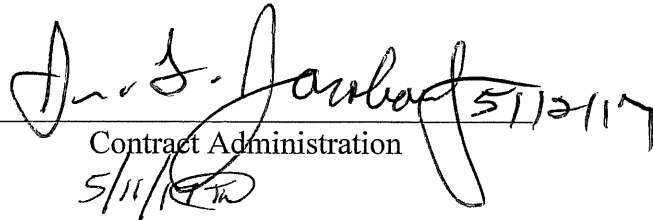
A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:

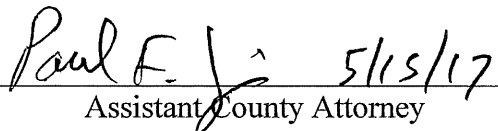


 mjs 5/2 Budget/OFMB ETS/2



 Contract Administration 5/11/17
 5/11/17

B. Legal Sufficiency:



 Assistant County Attorney 5/15/17

C. Other Department Review:

 Department Director

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ORDINANCE NO. 2017-____

AN ORDINANCE OF THE PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AMENDING ORDINANCE NO. 2012-012; 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 inquiries 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 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 ~~or a Certified Internal Auditor, or a Certified Government Audit Professional~~ and must
12 currently possess and maintain active licensure ~~(as appropriate)~~ and, certifications, and
13 memberships in professional associations as appropriate. ~~The County Internal Auditor~~
14 ~~must also maintain active membership in relevant professional associations such as the~~
15 ~~American Institute of Certified Public Accountants and the Florida Institute of Certified~~
16 ~~Public Accountants (if a CPA), the Institute of Internal Auditors, the Association of~~
17 ~~Local Government Auditors, and/or the Association of 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. The County Internal Auditor may conduct audits of County Constitutional Officers and
26 other governmental agencies subject to approval by the Internal Audit Committee under
27 the provisions of Section 3-C – Annual Audit Plan below and subject to BCC approval
28 of an interlocal agreement submitted by the Constitutional Officer or agency.

29 I. The County Internal Auditor and the internal audit staff are authorized full, free, and
30 unrestricted access to any and all records, physical properties, and personnel of the Palm
31 Beach County Board of County Commissioners necessary to carry out any approved

1 audit engagement or other official duties established by this ordinance and will
2 safeguard and maintain the confidentiality of records and information obtained during
3 the audit.

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

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

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

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

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

1 **B. Independence**

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

21 **C. Annual Audit Plan**

- 22 1. Prior to the beginning of each fiscal year, the County Internal Auditor shall
23 submit an annual risk-based audit plan to the Internal Audit Committee for
24 review and approval. The County Internal Auditor shall solicit input from the
25 members of the BCC, the County Administrator and his/her staff, department
26 heads and departmental financial managers for use in developing the annual
27 audit plan. The plan shall be submitted to the BCC as an agenda item for
28 informational purposes following Internal Audit Committee approval. The plan
29 shall include the departments, offices, boards, activities, and programs scheduled
30 for audit during the year and will include any additional duties to be performed
31 in accordance with Section 3-F – Additional Duties of this Ordinance. This plan

1 may be amended during the year by the Internal Audit Committee or as provided
2 in Section 3-D –Audits Requested by a Member of the BCC of this Ordinance.
3 Additionally, the County Internal Auditor may at any time initiate and conduct
4 any other audits deemed necessary or advisable whether or not included in the
5 Annual Audit Plan.

- 6 2. In the selection of audit areas, the determination of audit scope, and the timing
7 of the audit work, the County Internal Auditor should consult with federal, state
8 and independent auditors as necessary or appropriate so that desirable audit
9 coverage is provided and audit efforts may be properly coordinated.

10 **D. Audits Requested by a Member of the BCC**

- 11 1. Audits requested by a member of the BCC must be approved by the BCC at a
12 regularly scheduled BCC meeting or referred by the BCC to the Internal Audit
13 Committee for consideration.

14 **E. Audit Reports**

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

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. Follow up on Audit Recommendations** The County Internal Auditor will
23 maintain a complete record of all outstanding audit recommendations including
24 management’s planned implementation actions and implementation date. The County
25 Internal Auditor will follow up on all recommendations to determine the status of
26 management actions on the recommendations. The County Internal Auditor will issue a
27 follow up results memorandum following each follow-up review to communicate the results
28 of the follow up to management. These follow up results memoranda will not be considered
29 audit reports as covered by Section 3E of this Ordinance. The County Internal Auditor will
30 issue formal reports on the status of open audit recommendations semi-annually to the Audit

1 Committee, County management and the BCC. These formal reports will also be posted on
2 the County Internal Auditor's web site.

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

- 7 1. Providing available staff or other assistance to the external auditors in order to
8 reduce the cost of the countywide audit.
- 9 2. Providing advice in the preparation of policy and procedures manuals by all
10 departments and offices under the control of the BCC and reviewing the
11 adequacy of policies and procedures relating to financial controls. In order to
12 maintain independence, the County Internal Auditor shall have no responsibility
13 for the actual preparation of the manuals.

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

15 **A. REFERRALS** If the County Internal Auditor detects possible fraud, waste, abuse
16 or wrongdoing related to any audit, the County Internal Auditor will report same to the
17 Office of Inspector General and meet with the Inspector General to determine an
18 appropriate course of action. The County Internal Auditor and Inspector General will
19 jointly determine what adjustments, if any, need to be made in continuing the subject
20 audit so as to avoid potential interference with any investigate efforts the Inspector
21 General may initiate. Audit reports will include information relative to these matters to
22 the extent possible without interference with ongoing investigations. The County
23 Internal Auditor will review a draft of the audit report with the Inspector General to
24 ensure no inappropriate material is included in the audit report.

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

29 **C. ANNUAL RISK ASSESSMENT** During development of the annual risk assessment,
30 the County Internal Auditor will solicit input from the Inspector General to identify

1 areas of emerging risk or changes in the risk environment so as to maintain an
2 appropriate risk inventory of County operations. Copies of the completed risk
3 assessment will be provided to the Inspector General.

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

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

9 **SECTION 5. REPEAL OF LAWS IN CONFLICT.**

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

12 **SECTION 6. SEVERABILITY.**

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

16 **SECTION 7. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.**

17 The provisions of this Ordinance shall become and be made a part of the Code of Laws and
18 Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be
19 renumbered or re-lettered to accomplish such, and the word “ordinance” may be changed to
20 “section,” “article,” or other appropriate word.

21 **SECTION 8. EFFECTIVE DATE.**

22 The provisions of this Ordinance shall become effective upon filing with the Department of
23 State.

24 APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach
25 County, Florida, on this the ____ day of _____, 2017.

26
27 SHARON R. BOCK
28 CLERK & COMPTROLLER

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

29
30
31 By: _____
32 Deputy Clerk

By: _____
Paulette Burdick, Mayor

33 (SEAL)

1 APPROVED AS TO FORM AND
2 LEGAL SUFFICIENCY

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5 By: _____
6 County Attorney

7 Filed with the Department of State on the ____ day of _____, 20__.
8