

PALM BEACH COUNTY  
BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 05/15/2018 [ ] Consent [ ] Regular  
[ X ] 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 2017-020; 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.

**Summary:** The Internal Audit Committee (Committee) conducted a review of the duties and responsibilities of the Committee as established in Ordinance 2017-020, known as the Palm Beach County Internal Audit Committee Charter Ordinance, and has identified several revisions it believes are necessary. The revisions are recommended to align the attendance requirements of the Ordinance with County policy, align the ethics requirements of the Ordinance with the County Code of Ethics, to remove obsolete language, to allow a committee member to serve more than one two-year non-consecutive term as Committee chair; and to clarify the duties and responsibilities of the alternate member. Countywide (DB)

**Background and Policy Issues:** The Committee's recommend changes to Ordinance 2017-020 are summarized as follows:

- Removes the restriction on the alternate member from participating in a meeting.
- Removes restriction on a member's employment by an entity subject to audit by the County Internal Auditor, replacing that restriction with the general requirements of the Code of Ethics.
- Removes obsolete language leftover from initial adoption of the original ordinance.
- Allows a member to serve more than one two-year term as chair as long as the terms are non-consecutive.
- Revises attendance requirements in the Ordinance to conform to County policy as established in Resolution 2013-0193.

**Attachment:**

Ordinance

Recommended by: J. Bergerson 3.29.18  
Internal Auditor Date

Recommended by: N/A  
County Administrator Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2018	2019	2020	2021	2022
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>					
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Does this item include use of Federal Funds Yes      No   
 Is Item Included In Current Budget? Yes  No       
 Budget Account No.: Fund 0001 Agency 500 Org. 5000 Object       
 Program Number                      Revenue Source                     

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

No fiscal impact

A. Department Fiscal Review:

\_\_\_\_\_

**III. REVIEW COMMENTS:**

A. OFMB Fiscal and/or Contract Administration Comments:

Lisa Power 3/30/18  
 Budget/OFMB AK 3/29 SP 3/29

A. J. Jacobson 4/6/18  
 Contract Administration 4/6/18

B. Legal Sufficiency:

ACW 4/9/18  
 Assistant County Attorney

C. Other Department Review:

\_\_\_\_\_  
 Department Director

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



- 1 A. Review and approve the annual risk-based audit plan prepared by the County  
2 Internal Auditor.
- 3 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 authority  
5 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.
- 10 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 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, and one alternate  
16 member, appointed by the BCC and shall not include any County Commissioners as  
17 members. The alternate member may only ~~participate and~~ vote when another member is  
18 absent from a Committee meeting.
- 19 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.~~ Committee members shall be  
22 governed by the applicable provisions of the state Ethics Code and the applicable  
23 provisions of the Palm Beach County Code of Ethics.
- 24 C. Membership of the Internal Audit Committee will be to the greatest extent possible  
25 representative of the community-at-large and reflect the racial, gender and ethnic make-up  
26 of the community.
- 27 D. The members' terms shall be three years ~~and staggered so that the Internal Audit~~  
28 ~~Committee annually includes a new member and members with one and two years of~~  
29 ~~service.~~ The members' terms shall begin on October 1 and end on September 30.
- 30 E. Each member shall serve no more than three consecutive full three-year terms. Any  
31 vacancy occurring during a term shall be filled for the unexpired portion of the term and

1 shall not count toward the member's term limits. Members must reside in the County at  
2 the time of appointment and while serving on the Committee.

3 F. At least 90 days prior to the end of a member's term of service on the Internal Audit  
4 Committee, the Internal Audit Committee shall either (a) recommend that the BCC  
5 reappoint that member (if that member is eligible for reappointment) or (b) recommend  
6 that the BCC appoint a new member.

7 G. Committee members shall have experience in business or finance; government accounting,  
8 auditing, operations or financial management; or other relevant experience.

9 H. The chair of the Internal Audit Committee will be elected by the members of the Internal  
10 Audit Committee to serve a ~~single~~ two-year term. An individual member may serve more  
11 than one term as chair as long as those terms are not consecutive.

12 I. The Committee shall be subject to the uniform policies and procedures established by the  
13 BCC as currently set forth in Resolution R-2013-0193, as may be further amended by  
14 action of the Board of County Commissioners.

15 J. A quorum must be present for all Committee meetings. A majority of the members  
16 appointed shall constitute a quorum. The alternate member may be counted for purposes  
17 of a quorum only if another member is absent. All Committee meetings shall be governed  
18 by Robert's Rules of Order.

19 ~~K. Committee members shall be governed by the applicable provisions of the state Ethics~~  
20 ~~Code and the applicable provisions of the Palm Beach County Code of Ethics.~~

## 21 SECTION 5. MEETINGS.

22 A. The Internal Audit Committee will meet at least quarterly, with authority to convene  
23 additional meetings, as circumstances require.

24 B. ~~All Internal Audit Committee members must attend at least one-half of the scheduled~~  
25 ~~meetings in any membership year (a membership year runs from October 1 of one year to~~  
26 ~~September 30 of the following year) to remain a member. This meeting attendance policy~~  
27 ~~applies to the alternate member as well as to the regular members. Internal Audit~~  
28 ~~Committee members will be automatically removed for lack of attendance. Lack of~~  
29 ~~attendance is defined as a failure to attend three consecutive meetings or a failure to attend~~  
30 ~~more than one-half of the meetings scheduled during a calendar year. Participation for less~~  
31 ~~than three-fourths of a meeting shall be the same as failure to attend a meeting.~~

1 C. The Internal Audit Committee may invite members of management, internal auditors,  
2 external auditors or others to attend meetings and provide pertinent information, as  
3 necessary.

4 D. Meeting agendas will be prepared by the County Internal Auditor and provided in advance  
5 to members, along with appropriate briefing materials. Meeting agendas will be approved  
6 by the Internal Audit Committee at the start of each meeting.

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

9 **SECTION 6. RESPONSIBILITIES.**

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

11 **A. Review and Direction of Internal Audit Function.**

12 1. Review with the County Internal Auditor the Internal Audit Committee Charter  
13 Ordinance, audit plans, activities, staffing, budget, and organization structure of the  
14 internal audit function. The Internal Audit Committee's key responsibilities will be  
15 documented on a checklist at the beginning of each fiscal year, identifying the  
16 frequency and the specific meeting date that each responsibility will be completed.

17 2. Review and make recommendations to the BCC for amendments to the County Charter  
18 establishing the Office of the County Internal Auditor.

19 3. Review and approve the County Internal Auditor's annual audit plan, ensure that the  
20 County Internal Auditor submits the approved plan to the BCC as an agenda item for  
21 information purposes only, and review and approve any proposed amendments to the  
22 annual plan.

23 4. Review internal audit reports to identify potential systemic high risk areas.

24 5. Ensure that the County Internal Auditor sends internal audit reports to the BCC as  
25 agenda items and has internal audit reports posted on the County's website to promote  
26 transparency in accordance with the Palm Beach County Internal Auditor Ordinance.

27 6. Report problems or problem areas to the BCC at such times as deemed appropriate.

28 7. Ensure that follow-up on reported findings is done in a timely manner to ensure  
29 corrective actions are taken.

- 1 8. Evaluate at least annually the performance of the County Internal Auditor and the  
2 effectiveness of the internal audit function and recommend compensation adjustments  
3 and contract renewal for the County Internal Auditor to the BCC.
- 4 9. Evaluate the findings and recommendations of periodic peer reviews conducted by  
5 independent parties to evaluate the internal audit function's adherence to professional  
6 audit standards.
- 7 10. Act as a selection committee for the County Internal Auditor whenever the position  
8 becomes vacant. Interview candidates with the assistance of the Human Resources  
9 department, and make a recommendation to the BCC for the new County Internal  
10 Auditor.

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

- 12 1. Act as an advisor to the County Internal Auditor in identifying and assessing the  
13 County's significant risks or exposures. Such risks and exposures may arise from areas  
14 including, but not limited to, County operations, finance, reporting, asserted and  
15 unasserted litigation and claims, and non-compliance with laws, regulations,  
16 contractual obligations and grants.
- 17 2. Review with the County Internal Auditor the process for providing reasonable  
18 assurance that management has adequate controls to minimize these risks and  
19 exposures.
- 20 3. Review with the County Internal Auditor the existing information technology systems  
21 and related security and controls.
- 22 4. Obtain regular updates from the County Internal Auditor regarding compliance matters  
23 or issues.
- 24 5. Act as an advisor to the County Internal Auditor as the County Internal Auditor carries  
25 out the audits that may include operational, compliance, performance, management and  
26 other audits which are intended to provide reasonable assurance of achievement of  
27 objectives in the following areas:
  - 28 a. reliability and integrity of operational and related financial information,
  - 29 b. effectiveness, efficiency and economy of operations,
  - 30 c. safeguarding of assets, and
  - 31 d. compliance with laws, regulations, contracts and grants.

1           6. Ensure that any occurrences of possible fraud detected by the County Internal Auditor  
2           have been handled pursuant to County policy including forwarding to the Office of the  
3           Inspector General, Palm Beach County.

4           **C. Other Responsibilities.**

5           1. Discuss with and provide guidance to the County Internal Auditor regarding the  
6           County's policies and procedures with respect to risk assessment and risk management.

7           2. Perform other activities related to the Committee's purpose as defined in Section 2 of  
8           this Ordinance.

9           3. Review and assess the adequacy of the Internal Audit Committee Ordinance annually,  
10          request BCC approval for proposed changes, and ensure appropriate disclosure as may  
11          be required by law or regulation.

12          4. Perform a self-assessment of the Committee's or Committee members' performance as  
13          necessary to ensure all responsibilities outlined in this Ordinance have been carried out.

14          5. Provide a periodic report to the BCC as deemed appropriate or necessary, or when  
15          requested by the BCC.

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

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

19          **SECTION 8. SEVERABILITY.**

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

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

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

28          **SECTION 10. EFFECTIVE DATE.**

29          The provisions of this Ordinance shall become effective upon filing with the Department  
30          of State.



1           APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach  
2 County, Florida, on this the \_\_\_\_ day of \_\_\_\_\_, 2018.

3

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

6 By: \_\_\_\_\_                           By: \_\_\_\_\_  
7 Deputy Clerk                               Melissa McKinlay, Mayor

8 (SEAL)

9 APPROVED AS TO FORM AND  
10 LEGAL SUFFICIENCY

11 By: \_\_\_\_\_  
12       County Attorney

13 Filed with the Department of State on the \_\_\_\_ day of \_\_\_\_\_, 2018.



- 1           A.     Review and approve the annual risk-based audit plan prepared by the County  
2           Internal Auditor.
- 3           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 authority  
5           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.
- 10          E.     Provide advice and recommendations regarding the assessment of significant risks  
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27 **C. Other Responsibilities.**

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22          of State.

23          APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach  
24          County, Florida, on this the \_\_\_\_ day of \_\_\_\_\_, 2018.

25

26          SHARON R. BOCK  
27          CLERK & COMPTROLLER

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

28          By: \_\_\_\_\_

                By: \_\_\_\_\_

29          Deputy Clerk

                Melissa McKinlay, Mayor

30          (SEAL)

1 APPROVED AS TO FORM AND  
2 LEGAL SUFFICIENCY

3 By: \_\_\_\_\_  
4 County Attorney

5 Filed with the Department of State on the \_\_\_\_ day of \_\_\_\_\_, 2018.