

Chapter 2.14. COUNTY INTERNAL AUDITOR

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2.14.001 Office of County Internal Audit.

The Office of County Internal Audit is created and the person holding that office shall act as the head of internal audit for the County. The office consists of the County Internal Auditor and such subordinate employees as the Board of County Commissioners may provide. The purpose of having the Office is to provide independent, objective assurance and consulting services designed to add value and improve Deschutes County's operations through improved performance and enhanced control environment thereby providing greater accountability to its residents.

The County Internal Auditor is the Chief Audit Executive for the County and shall perform all day-to-day functions necessary for the administration and management of the Office of County Internal Audit. Such duties include but are not limited to:

- a) Develops and implements policies and procedures for the Office of County Internal Audit in compliance with the government auditing standards.
- b) Directing all internal audit activities for the County and is responsible for the most difficult assignments requiring a higher level of responsibility, applying advanced subject knowledge, and exercising significant independent judgement and oversight over staff.
- c) Advises the Board of County Commissioners, County Administrator, and County department/offices on the continuous improvement of County governance, risk management, and financial control processes.
- d) Selects, appoints, directs, supervises, disciplines, and dismisses all Office of County Internal Audit staff consistent with County policies and procedures and for the efficient and effective administration of the affairs of the office.

This chapter establishes the general authority and responsibility of the Office of County Internal Audit. (Ord . 2022-___; Ord. 2018-007 §1, Ord 2022-008 §1)

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2.14.010. Appointment or dismissal of County Internal Auditor.

The County Internal Auditor shall be appointed by or dismissed by the County Administrator in consultation with a majority of the public members of the County Audit Committee and an affirming majority vote of the BOCC.

(Ord . 2022-___; Ord. 2013-004 §1, 2013; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.020. Qualifications of County Internal Auditor.

The County Internal Auditor shall possess adequate professional proficiency, demonstrated by relevant certification, such as CPA (Certified Public Accountant), CIA (Certified Internal Auditor), CGAP (Certified Government Auditing Professional) or a combination of education and experience as would be desired by the County.

(Ord. 2005-014 §1, 2005)

2.14.025 Independence

- A. The County Internal Auditor has neither a management nor a policy role; and no operational authority nor responsibility. Rather, the Office of County Internal Audit provides independent and objective information about County programs and services.
- B. The County Internal Auditor governs the office by adherence to the government auditing standards issued by the Comptroller General of the United States. The office will work to be independent as defined by that framework and shall remain free of influence by any organizational elements.
- C. The County Internal Auditor reports functionally to the County Audit Committee and administratively to the County Administrator.

(Ord 2022-008 §1)

2.14.030 Authority / Scope of Audits.

1. The Office of County Internal Audit shall establish internal auditing policies and procedures to assure that audit work is completed in accordance with those standards. Any audit work that is undertaken not in compliance with standards shall be disclosed in the Auditor's report.
2. The Office of County Internal Audit shall have authority to conduct financial, attestation, and performance audits of all departments, offices, boards, activities and agencies of the County in order to independently and objectively determine whether:
 - a. activities and programs being implemented have been authorized by County Code or adopted policy, state law or applicable federal law or regulations;
 - b. activities and programs are being conducted as prescribed by management/governing body to accomplish the objectives intended by County Code, state law or applicable federal law or regulations;
 - c. activities or programs efficiently and effectively serve the purpose intended by County Code, state law or applicable federal law or regulations;
 - d. activities and programs are being conducted and funds expended in compliance with applicable laws;
 - e. revenues are being properly collected, deposited and accounted for;
 - f. resources, including funds, property and personnel, are adequately safeguarded, controlled and used in an effective and efficient manner;
 - g. financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities and that is necessary to establish a proper basis for evaluating the programs and activities;
 - h. there are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; and

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- i. there are indications of fraud, abuse or illegal acts, which need further investigation.
3. The Office of County Internal Audit may also provide non-audit services (consulting) that are not covered by governmental auditing standards. Non-audit services differ from audits in that the Office of County Internal Audit may
 - a. Perform tasks requested by management that directly support the entity's operations;
 - b. Provide information or data to a requesting party without providing verification, analysis or evaluation.

These non-audit services should be approved by the County Administrator, after consultation with the Audit Committee. The Office of County Internal Audit should continue to work independently (in fact and appearance) when performing non-audit services. The County Internal Auditor will decide and advise the County Administrator if the non-audit work may jeopardize independence and whether the work should be performed.

(Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.040. Internal Audit Schedule.

At the beginning of each calendar (or fiscal) year, the Office of County Internal Audit shall submit a one to five-year audit work schedule to the Audit Committee for approval. This audit work schedule should incorporate information from multiple sources including the Office of County Internal Audit's assessment of significant risks to the organization and input from Management, Audit Committee, and the Board of County Commissioners. The schedule shall include the proposed plan for auditing departments, offices, boards, activities, subcontractors and agencies for the period. The schedule may be amended. Additionally, the County Internal Auditor (for cause) may spontaneously initiate and conduct any other audit deemed necessary. Any significant changes (an expectation of scope of work changing by more or less than 150 hours) to the workplan for audit or non-audit projects should be approved in advance by the County Administrator and the Audit Committee.

In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the Office of County Internal Audit should consult with external auditors so that the desirable audit coverage is provided and audit effort is properly coordinated.

(Ord. 2011-004 §1, 2011; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.050. Funding.

The County shall provide sufficient funds to enable the Office of County Internal Audit to carry out the responsibilities specified herein subject to annual appropriation by the BOCC.

(Ord. 2013-004 §1, 2013; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.060. Access to Employees, Records and Property.

1. All officers and employees of Deschutes County shall furnish the Office of County Internal Audit with unrestricted access to employees, information and records (including electronic/computerized data)

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within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Office of County Internal Audit to inspect all property, equipment and facilities within their custody. A discussion of appropriate access should occur with County Counsel if access to documents is restricted by applicable law.

2. Further, all contracts with outside contractors and subcontractors shall provide the Office of County Internal Audit access to the contractually related financial and performance-related records; property, equipment and services purchased in whole, or in part, with governmental funds
 3. If such officers, employees or contractors fail to produce the aforementioned access and/or information, the Office of County Internal Audit with the aide of County Legal Counsel may initiate a search (or obtain a subpoena) to obtain exhibit copies (physical or electronic) from computerized systems, book, paper or record of any such official or employee, or outside contractor or subcontractor, in accordance with state law or the applicable contract.
 4. Subject to public records laws, the Office of County Internal Audit shall not publicly disclose any information received during an audit that is considered confidential by any local, state or federal law or regulation. The Office of County Internal Audit shall maintain the confidential status of information and records furnished by County officers and employees to the extent allowable under public records laws.
- (Ord. 2013-004 §1, 2013; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.070. Audit Reporting and Records.

1. Each audit will result in a report containing relevant background information and findings and recommendations, and shall communicate results to the Board of County Commissioners, Audit Committee, and appropriate management. Subject to applicable public records laws, the report shall also be available for public examination. If certain pertinent information is prohibited from general disclosure, the audit report should state the nature of the information omitted and the requirement that makes the omission necessary.
2. The Office of County Internal Audit should follow state archive guidelines as appropriate and as identified under OAR 166-150-0005(4) (currently - a retention schedule of 10 years).
3. The Office of County Internal Audit should periodically report to the Audit Committee (and Board of County Commissioners) on the work performed and any significant findings, which have not been fully addressed by management.
4. The Office of County Internal Audit shall follow-up on audit recommendations, as practical, to determine if management is implementing corrective action as identified in their response to the audit report findings and recommendations. The Office of County Internal Audit may request periodic status reports from auditees regarding actions taken to address reported deficiencies and audit recommendations.

(Ord. 2011-004 §1, 2011; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.80. Contract auditors, consultants and Experts.

1. Within budget limitations and approval by the County Administrator, the Office of County Internal Audit may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform auditor duties. An audit that is performed by contract must be conducted by persons who are independent of the governmental unit and its officers. The Office

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of County Internal Audit will coordinate and monitor auditing performed by public accounting, professional experts, or other organizations employed under contract by Deschutes County.

2. The Office of County Internal Audit may participate with the Audit Committee in the selection of qualified finalists for the provider of Deschutes County's annual financial audit. The Audit Committee shall select a provider from the finalists. This selection shall be presented to the Board of County Commissioners for review and approval. The process will follow Deschutes County's contracting processes.

(Ord. 2011-004 §1, 2011; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.090. Quality Assurance Reviews.

1. The audit activities of the Office of County Internal Audit shall be subject to quality review in accordance with applicable government auditing standards by a professional, non-partisan objective group (such as the Association of Local Government Auditors (ALGA)). A copy of the written report of this independent review shall be furnished to the Audit Committee and the Board of County Commissioners. This report shall be available to the public.
2. The quality control review shall determine compliance with government auditing standards and the quality of the audit effort and reporting, including:
 - a. general standards such as competence, professional judgment, and quality assurance;
 - b. fieldwork standards such as planning, supervision, and evidence; and
 - c. reporting standards such as report content, timeliness and distribution.
3. The County shall reimburse the costs of the quality control review team from funds budgeted in the Office of County Internal Audit's budget. Within available time constraints, members of the Office of County Internal Audit may reciprocate with other organizations by participation in quality control teams.

(Ord. 2011-004 §1, 2011; Ord. 2005-014 §1, 2005, Ord 2022-008 §1)

2.14.100. Repealed

(Ord. 2013-004 §1, 2013; Ord. 2011-004 §1, 2011; Ord. 2005-014 §1, 2005; Ord 2018-007)