

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 ~~includess~~: (1) to identify risk factors for fraud, waste and noncompliance with applicable laws and regulations, (2) to ascertain if department programs and operations are achieving their objectives and desired outcomes; (3) to ascertain if department services are provided effectively, efficiently, economically, ethically, and equitably, and (4) to provide departments with reasoned best practice operational recommendations (BPOR) recognizing that the departments will determine if, how and when ~~how (if)~~ to implement the BPOR. At all times while performing these tasks, the Office of County Internal Audit and the County Internal Auditor will utilize independent judgment. ~~objective assurance and consulting services designed to add value and improve Deschutes County's operations through improved performance and enhanced control environment. Performance of these functions will afford greater oversight and increase public confidence 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 [Deschutes County Code \(DCC\)](#) and 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.

HISTORY

Adopted by Ord. [2018-007](#) §1 on 12/4/2018

Amended by Ord. [2022-008](#) §1 on 11/8/2022

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.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2013-004](#) §1 on 4/8/2013

Amended by Ord. [2022-008](#) §1 on 11/8/2022

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.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

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, in conformance with the provisions of DCC, provides independent and objective information about County programs and services.
- B. The County Internal Auditor ~~operates~~ governs the office by adherence to applicable provisions of DCC, and 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 ~~within the limits and scope pre-approved by the Audit Committee following consultation with affected department heads;~~ 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.

HISTORY

Adopted by Ord. 2022-008 §1 on 11/8/2022

2.14.030 Authority / ~~Scope Of Audits~~ Powers and Duties

- A. The Office of County Internal Audit, in conformance with the provisions of DCC 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.
- B. The Office of County Internal Audit, in conformance with the provisions of DCC 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:
 - 1. activities and programs being implemented have been authorized by County Code or adopted policy, state law or applicable federal law or regulations;
 - 2. 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;
 - 3. activities or programs efficiently and effectively serve the purpose intended by County Code, state law or applicable federal law or regulations;
 - 4. activities and programs are being conducted and funds expended in compliance with applicable laws;

5. revenues are being properly collected, deposited and accounted for;
 6. resources, including funds, property and personnel, are adequately safeguarded, controlled and used in an effective and efficient manner;
 7. 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;
 8. 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
 9. there are indications of fraud, abuse or illegal acts, which need further investigation.
- C. 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
1. Perform tasks requested by management that directly support the entity's operations;
 - ~~2.~~ Provide information or data to a requesting party without providing verification, analysis or evaluation.
 - 2.
 3. 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.
- D. The Office of County Internal Audit will is authorized to administer the Deschutes County Whistleblower Hotline. When assigned this function by Order of the Board of County Commissioners, tThe Auditor shall review all reports of fraud, waste, abuse, or other types of misconduct listed in ORS 297. 760, and if sufficient predication exists,substantial reliable- they will be investigated. In circumstances where there is a potential crime, the appropriate law enforcement agency will be involved prior to any investigation. In circumstances where there is the potential of a personnel

investigation, Human Resources, Administration and Legal will be involved prior to any investigation.

E. _____

Once an investigation is completed, the County Internal Auditor is responsible for providing a written determination of any investigations completed and include: the nature of the report, whether the report was founded or unfounded, and any applicable recommendations concerning appropriate resolution of the concerns arising in the report. The written determination may qualify as is a public record, in which case it might . While such a determination may be exempt from disclosure under Oregon public records law., such exemption cannot be guaranteed. Upon conclusion of an investigation, recommendations may be made to department management where appropriate to minimize future risk. Department management retains final authority for determining how or if to implement sufficient and appropriate controls to prevent recurrence.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2022-008](#) §1 on 11/8/2022

2.14.040 Internal Audit Schedule

A. 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. ~~TSubject to DCC 2.14.025 B, t~~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, in consultation with the Audit Committee Chair, and for cause shown (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.

A.B. The proposed objective of any audit of a county department (whether headed by an elected official or appointed department head) must first be presented to and approved by the Audit Committee at a duly noticed public meeting. The elected official / appointed department head may attend the meeting and request that the objective of the audit be modified from that proposed by the County Internal Auditor. In the case of a county department headed by an appointed department head, the decision of the Audit Committee as to objective is final. In the case of a county department headed by an elected official, the elected official may challenge the decision of the Audit Committee to the Board of County Commissioners. The Board of County Commissioners will affirm, reverse, or modify the decision of the Audit Committee.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2011-004](#) §1 on 4/27/2011

Amended by Ord. [2022-008](#) §1 on 11/8/2022

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.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2013-004](#) §1 on 4/8/2013

Amended by Ord. [2022-008](#) §1 on 11/8/2022

2.14.060 Access To Employees, Records And Property

- A. ~~Subject to DCC 2.14.025 B, and further subject to staffing needs and limitations of involved departments~~ Subject to reasonable department operational needs, staffing and scheduling, legal mandates and limitations, and in conformance with DCC 2.14.040 B, w~~When conducting duties outlined in DCC 2.14.030, a~~ 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) within their custody and authority 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, and within authority, 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, property, equipment, and/or facilities is asserted to be restricted by applicable law.

- B. 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
- C. If such officers, employees or contractors fail to produce the aforementioned access and/or information, the Office of County Internal Audit, upon obtaining written approval and consent ~~with the aid~~ 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.
- D. 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.

HISTORY

Adopted by Ord. 2005-014 §1 on 11/28/2005

Amended by Ord. 2013-004 §1 on 4/8/2013

Amended by Ord. 2022-008 §1 on 11/8/2022

2.14.070 Audit Reporting And Records

- A. Each audit and substantiated investigation 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. The report shall specify, as to each finding/recommendation, whether the finding/recommendation is based on applicable county code, county policy, state law, federal law or regulation, ofr whether it is simply a BPOR. 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.

- B. 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).
- C. 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, ~~apart from BPOR, /recommendations, other than best practice recommendations~~, which have not been fully addressed by management.
- D. The Office of County Internal Audit shall follow-up on audit recommendations, ~~apart from BPOR, other than best practice 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.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2011-004](#) §1 on 4/27/2011

Amended by Ord. [2022-008](#) §1 on 11/8/2022

2.14.080 Contract Auditors, Consultants And Experts

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

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2011-004](#) §1 on 4/27/2011

Amended by Ord. [2022-008](#) §1 on 11/8/2022

2.14.090 Quality Assurance Review

- A. 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.
- B. The quality control review shall determine compliance with government auditing standards and the quality of the audit effort and reporting, including:
 - 1. general standards such as competence, professional judgment, and quality assurance;
 - 2. fieldwork standards such as planning, supervision, and evidence; and
 - 3. reporting standards such as report content, timeliness and distribution.
- C. 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.

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2011-004](#) §1 on 4/27/2011

Amended by Ord. [2022-008](#) §1 on 11/8/2022

2.14.100 (Repealed)

HISTORY

Adopted by Ord. [2005-014](#) §1 on 11/28/2005

Amended by Ord. [2011-004](#) §1 on 4/27/2011

Repealed by Ord. [2013-004](#) §1 on 4/8/2013